



Kelym Simmons | Commissioner

MOVING MISSOURI FORWARD: BUILDING A BETTER MISSOURI

OFFICE OF ADMINISTRATION | 2010 YEAR END REVIEW

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Kelvin
Simmons
Commissioner

Commissioner's Office



Renee
Slusher
Deputy
Commissioner/
General
Counsel



Walter
Pearson
Assistant
Commissioner



Celeste
Metcalf
ARRA
Compliance
Officer



Emily
Smith
Special
Assistant



Brett
Berri
Legislative
Liaison



Wanda
Seeney
Public
Information
Officer



Nikki
Loethen
General
Counsel



Aaron
Hart
Human
Resources
Director



Jessica
Opie
Budget Officer



Donna
Lacy
Executive
Assistant



Sara
VanderFeltz
Administrative
Assistant

Division Directors



Mark A.
Kaiser
Accounting



Linda
Luebbering
Budget &
Planning



Cathy
Brown
FMDC



Mark S.
Kaiser
General
Services



Doug
Young
ITSD



Bill
Miller
Personnel



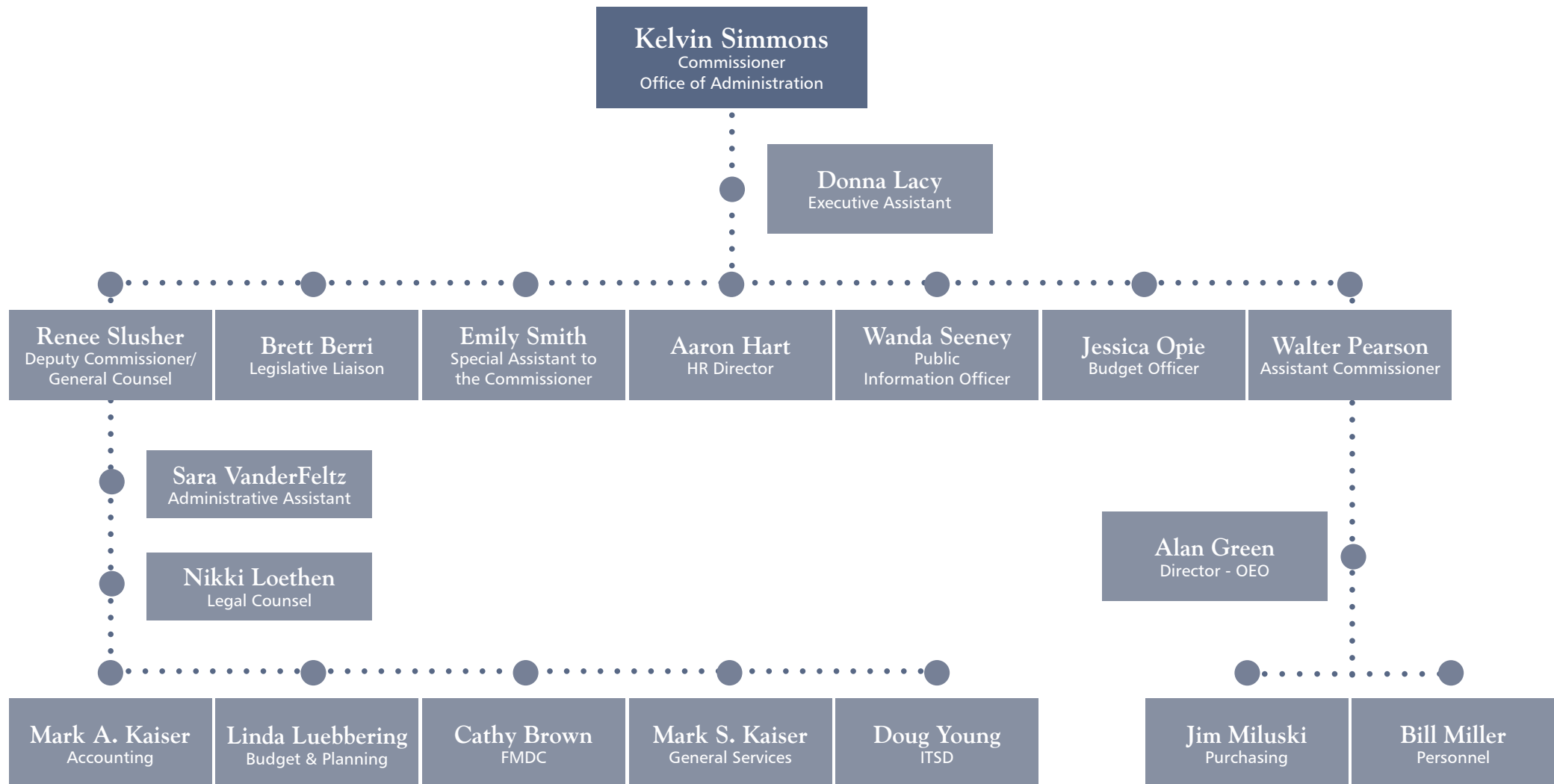
Jim
Miluski
Purchasing



Alan
Green
OEO

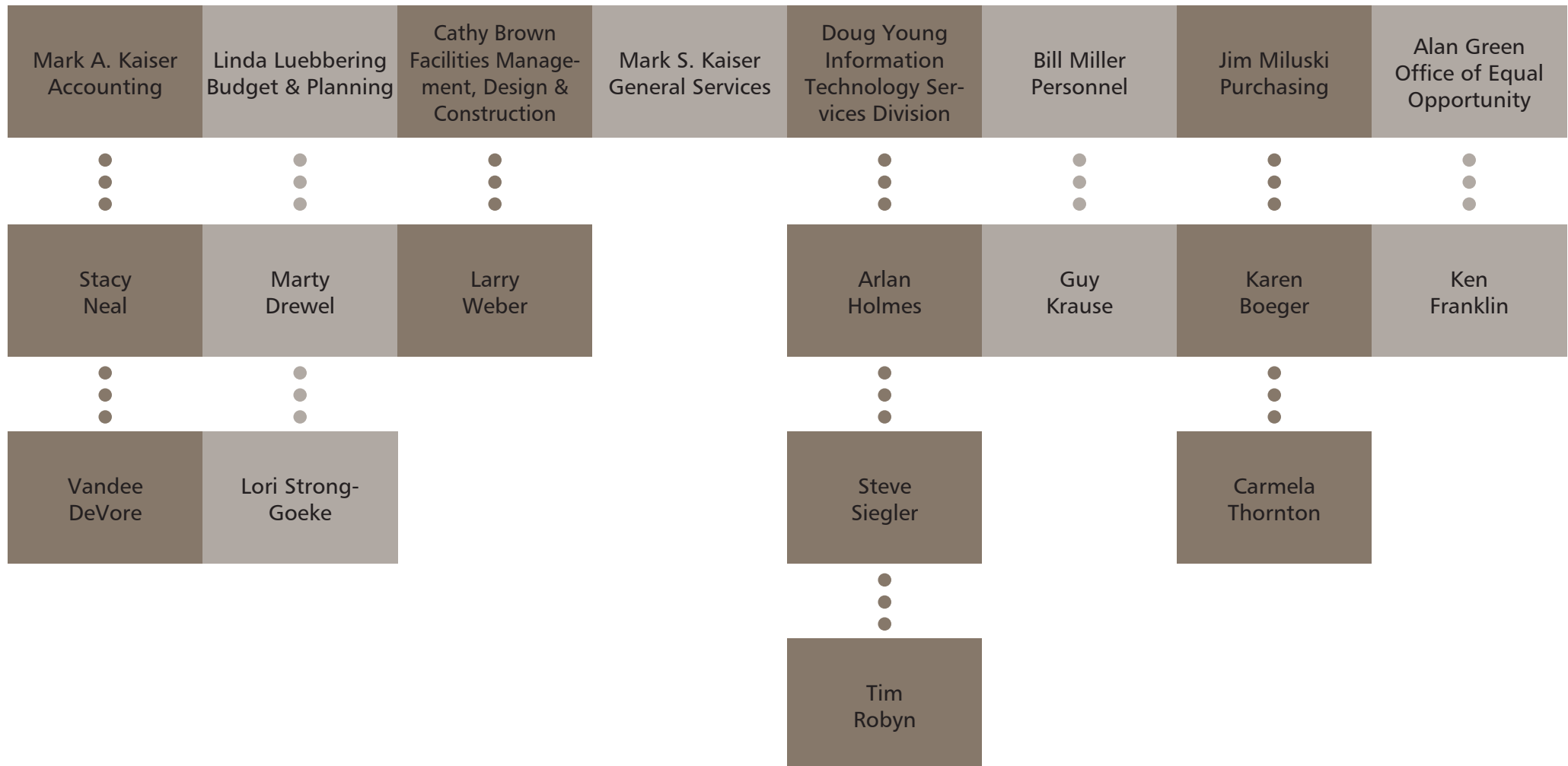
OFFICE OF ADMINISTRATION

Organizational Chart



OFFICE OF ADMINISTRATION

Division Directors & Deputies



Office of Administration AT-A-GLANCE

1	Senior Staff Meeting Per Week	17,100	Average Monthly Visits to the Missouri Accountability Portal in FY2010	1871	Total Current Number of Agency Contracts
2	Division Director's Meetings Per Month	50	Print & Electronic Media Stories	340	Total Current Number of Statewide Contracts
11	Cases Currently in Litigation (as of Sept. 2010)	86	Media Contacts Handled by Public Information Officer (FY 2010)	2006	Total Number of OA Employees (as of August 31, 2010)
73	Legislative Contacts (CY 10)	48	Media Outlets (FY 2010)	108,000	Statewide Enrollment in Missouri Consolidated Health Care Plan (MCHCP)
101	Sunshine Requests (CY 10)	273,000,000	Total Dollars Received for Broadband in Missouri	\$1,007,772,527	Total OA FY 2011 Budget (General Revenue)
295	Tracked Bills (CY 10)	27.7 million	Total Square Footage of State Owned Space (FY 2010)	7	Divisions
1466	Average Number of MBE/WBE Certifications Per Year (Three Year Average)	3.5 million	Total Square Footage of Leased Space (FY 2010)	6	Number of Agencies OA Has Additional Budgetary Oversight Over
1597	FY 2010 MBE/WBE Certifications	\$9.56	Average Cost per Square Foot (FY 2010)	25	Boards, Commissions and Agencies Under OA
977	Federal Grants Reviewed in FY 2010	\$6,391,608	Total Revenue from State Printing (FY 2010)		

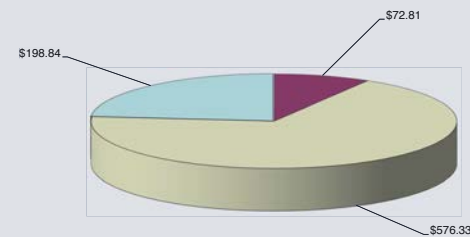
Office of Administration – FINANCIAL OVERVIEW

**Office of Administration
FY-11 General Revenue
(in millions)**



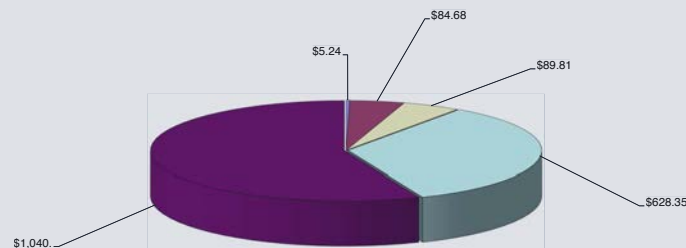
■ OA Operating \$10,001,171
 ■ ITSD Consolidation \$42,489,135
 ■ Debt/Programs \$422,432,784
 ■ Employee Benefits (Statewide) \$532,849,437
 Total General Revenue = \$1,007,772,527

**Office of Administration
FY-11 Federal Funds
(in millions)**



■ OA Operating \$0
 ■ ITSD Consolidation \$72,812,899
 ■ Debt/Programs \$576,334,523
 ■ Employee Benefits (Statewide) \$198,839,694
 Total Federal Funds = \$847,987,116

**Office of Administration
FY-11 Other Funds
(in millions)**



■ OA Operating \$5,237,833
 ■ ITSD Consolidation \$84,682,586
 ■ FMDC \$89,814,652
 ■ Debt/Programs \$628,349,790
 ■ Employee Benefits (Statewide) \$1,039,998,163
 Total Other Funds = \$1,848,083,024



COMMISSIONER'S TOP ACCOMPLISHMENTS

Office of Administration Leads in Efforts to BRING MILLIONS TO MISSOURI

Overview

The **MOBroadbandNow** initiative was created by the governor to coordinate the state's efforts to bring broadband to Missouri in response to the federal recovery bill passed last year. Its goal was to ensure that the state competed aggressively for every broadband dollar included in the federal recovery legislation. The 2009 American Recovery & Reinvestment Act appropriated \$7.2 billion and directed Agriculture's Rural Utilities Services (RUS) and the Department of Commerce's National Telecommunications Information Administration (NTIA) to expand broadband access to unserved and underserved communities across the United States.

The **MOBroadbandNow** initiative focused on building "middle-mile" backbone connecting community anchor institutions bolstering economic development and also allowing broadband service providers to deliver Internet connectivity to businesses and residences at affordable prices. NTIA and RUS established a deadline for Round 1 applications of August 2009.

In Round 2, the **MOBroadbandNow** strategy was collaboration among various state agencies and private partners – orchestrating a Round 2 broadband plan that was comprehensive and statewide,

and complimented the last mile awards from Round 1. Applicants were selected that met federal and state criteria, while also aligning geographically and functionally with each other.



Gov. Nixon and Commissioner Simmons make Broadband announcement at St. Francis Hospital in Maryville, Mo.

Middle Mile Partners

- American Fiber Systems
- BlueBird Media
- BoyCom Cable
- Sho-Me Technologies
- SpringNet

Last Mile Partners

- Big River
- Cass County
- Co-Mo
- Finally Broadband
- Rural Missouri Broadband, Inc.
- Socket
- United Electric

Other Applicants

- Association of Public and Land-Grant Universities (Lincoln University)
- MO Department of Higher Education
- YourTel America

In May, the Office of Administration (OA) submitted a written response to NTIA highlighting the applications supported by the state of Missouri. Following positive response from partners, federal government, other state agencies, and our Congressional delegation, OA added a section highlighting RUS Round 2 applications, even though RUS did not request this information. As a result, the state has been tremendously successful in bringing significant broadband dollars to the state.

In total, as of September 2010, the state of Missouri has obtained more than **\$261 million** in federal funds for 19 broadband projects.



“This public-private partnership will create jobs and extend economic opportunity to rural areas,” Otto Maly, a partner in BlueBird Media, said. “We will now be able to offer a broadband network throughout northern Missouri, including several areas where there is little or no infrastructure. The State of Missouri has joined with the federal government and private companies to ensure all Missourians have access to an affordable and high capacity internet service. We’re proud to be a part of it.”



The total value of all of these projects including cash and in-kind match is **\$311 million.**



For more information about the Broadband awardees and project you can access the “State of Missouri 2010 Final Broadband Award Report” by visiting: http://transform.mo.gov/pdf/MBBN_FinalReport.pdf

A Complete and Accurate Count: CENSUS 2010

Every 10 years, the U.S. Constitution requires a national Census. The Census provides state population counts and determines the number of seats in the U.S. House of Representatives for each state. Census data are used for a variety of purposes, not only to reapportion congressional seats, but also to appropriate billions of federal dollars to the states and local communities and to help guide and inform community decisions.

During 2008 and 2009, population estimates had Missouri on the cusp of losing a Congressional seat. The highest projected margin by which Missouri would “miss out” was about 60,000 people or one percent of the total population. Because the margin was so tight, in January 2009, Gov. Jay Nixon appointed a Complete Count Committee (CCC) established in Executive Order 09-05. [OA Commissioner Kelvin Simmons](#) was appointed chair of the committee comprised of 26 community leaders. The CCC was challenged with developing and implementing a public education campaign to encourage and activate historically hard-to-count groups in Missouri to participate in the 2010 Census. The hard-to-count include individuals who are isolated geographically, linguistically, and socially, in addition to those who feel threatened by the government collecting information about them, and individuals with nomadic lifestyles and those who just think “why bother.” These may include college

students, the impoverished, recent immigrants, the homeless and those living in racial or ethnic enclaves or in isolated rural settings.

Funding for the CCC was provided in the FY10 budget request for a total of \$559,821. Funding was maintained throughout the process in the House of Representatives, however, was removed by the Senate. OA worked with members of the Senate Appropriations Committee, and then later the Conference Committee. The Conference Committee cut funding by approximately \$125,000

and paid for it through the federal budget stabilization dollars. The final total appropriation for the CCC was \$434,215. This money was used to reach out to hard-to-count groups in the state through advertising in minority and daily and weekly newspapers statewide, and on television

and radio, grassroots outreach, a website, and other promotional materials.

As of April 27, the mail back response rate for the state of Missouri was 73 percent, outpacing the national average of 72 percent. In 2000, the final mail back response rate was 74 percent. The Census Bureau was still collecting mail back forms after April 27; however, this was the last day to view the rates via their website. Two of our hardest-to-count areas, St. Louis and Kansas City, both increased their mail back rates. Kansas City increased



from 71 percent to 73 percent and St. Louis increased from 64 percent to 67 percent. Given the increased mail back response rate in the urban areas, it is expected we will meet the 2000 mail

back response rate, if not exceed it. We are also hopeful, but cautious that we will be able to maintain our current congressional representation.

To view the final report of the CCC, please visit: <http://oa.mo.gov/mocensus/publications/CensusReport.pdf>

IT'S IN YOUR HANDS ST. LOUIS

CENSUS 2010
OA.MO.GOV/MOCENSUS APRIL 1ST

SAFE : EASY : IMPORTANT

“Our participation in the census will affect nearly everything that the state does for the next 10 years. It is imperative that we ensure all Missourians are included in the count.

– Kelvin L. Simmons, Commissioner of the Office of the Administration.”

Office of Administration: a LEADER IN COST-SAVINGS

Over the last year, the state of Missouri has sought ways to mitigate the effects of declining revenues. The Office of Administration has undergone considerable analysis of our budgets to meet current obligations to the state and the taxpayers, while reducing costs. OA has achieved significant savings – not only impacting our department – but all departments and the state.

OA savings are diverse and include such things as contract renegotiation, enhanced bidding procedures, renegotiating cost inflators on renewal of contracts, cancellation of projects, and many significant changes within the Information Technology Services Division (ITSD). Divisions will continue to look at ways to reduce cost as budgets grow even leaner over the years to come. In addition to quantifiable savings, we also have had significant qualitative savings—where we have not yet fully realized these savings, but hope to capture them in the future, as well as other changes that have resulted in cost avoidance.

Because OA serves all agencies in a number of different capacities, much of the savings discussed here will be reflected, not necessarily in OA's budget, but rather will show a statewide savings or a savings to individual agencies. We strive to provide efficient services on a limited budget to the other agencies and will continue to look at ways to achieve savings for the good of the overall state of Missouri budget.

Facilities Management, Design & Construction (FMDC)

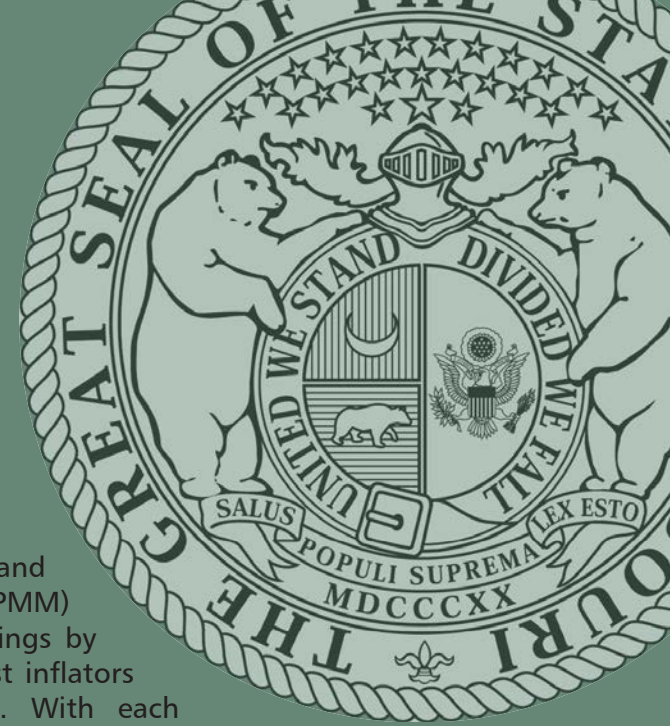
- **Leasing:** **\$3,227,420** in annual savings on negotiations, downsizing and consolidations of leases; in excess of **\$4,943,934.00** over the term of the lease.

Purchasing & Materials Management Contract Review:

The Division of Purchasing and Materials Management (DPMM) has worked to achieve savings by reducing or eliminating cost inflators built into state contracts. With each renewal period, vendors build in an increase in the cost of anywhere from 3 to 5 percent. Given the current economic climate, DPMM evaluated all the contracts eligible for renewal and renegotiated the cost inflators. By implementing these cost-saving initiatives, the state has achieved **\$11.5** in savings.

Division of General Services

- **Mail Consolidation:** The effort to consolidate most state agency mailrooms has been very successful, with the state realizing savings in excess of 33 percent in the first phase of consolidation. Phase II mail consolidation merged the Department of Social Services with Central Mail Services. Co-locating Central Mail Services with State Printing at a new facility has achieved additional economies of scale; maximized equipment utilization through operation of multiple shifts and realize personnel efficiencies. Consolidating mail and co-locating operations will free up space in state facilities and substantially lower overall rental costs for these programs. Anticipated savings will **exceed \$300,000 per year** in addition to the substantial leasing-related savings.



- **Vehicle Fleet & Travel Reductions:** The Governor's Office has asked Fleet Management to identify strategies that will reduce the cost of vehicular travel in Missouri State Government. Fleet Management has proposed several options that would lower vehicle transportation costs to the state.

- * **Fleet Reductions:** Agencies are in the process of eliminating 10 percent of their vehicle fleets. General Services identified 397 vehicles from various funding sources for elimination from the executive branch agencies, (excluding MoDOT, Conservation & Highway Patrol). A onetime cash infusion of approximately \$400,000 - \$600,000 could be realized if the average net sales value is approximately \$1,000 - \$1,500 per vehicle. Agencies are likely to dispose of vehicles in the worst condition which could bring the average net sales value even lower.

- * **Travel Reduction:** For FY 2011, agencies were asked to reduce total business miles driven by 10 percent over FY 2009 numbers. Due to budget constraints and the 10 percent



reduction announcement in April, total business miles declined approximately 7 percent in FY 2010 compared to FY 2009 for all state agencies except MoDOT, Conservation and the Missouri State Highway Patrol resulting in an estimated savings of \$2.2 million¹. Overall business miles for all agencies, elected officials and the judicial and legislative branches declined only 1 percent in FY 2010 over FY 2009 numbers.

Additional reductions in business miles for FY 2011 of 3-5 percent over FY 2010 figures are expected as agencies continue to seek opportunities to meet the 10 percent reduction target. An additional 3-5 percent reduction would save an additional estimated \$655,000 - \$1.1 million in overall travel costs.²

- * **New Rental Vehicle Contracts:** On August 20, 2010 new contracts for rental vehicle services with Enterprise and Hertz were established by piggybacking off of the WSCA (Western

States Contracting Alliance) contracts. The State of Missouri will realize rate reductions of 17 percent for the most common vehicles rented by state agencies. **Based on FY 2010 contract utilization, the cost of daily rental charges could decline up to \$100,000 for FY 2011.** Additional estimated costs to the State Legal Expense Fund of approximately **\$150,000 in rental vehicle damages** will be avoided due to liability and collision coverage that are now included in the contract. **Total estimated annual savings over FY 2010 expenditures are nearly \$250,000.**

- * **Jefferson City Pool Vehicle Consolidation:** Approximately 100 of the 397 vehicles identified for elimination will be Jefferson City pool vehicles that will no longer be needed as a result of the consolidation. **A onetime cash infusion from the sale of Jefferson City pool vehicles may net \$100,000 - \$150,000** of the savings already identified above in the 10 percent Fleet Reduction section.

Other soft savings that will be realized by agencies will be less administration expenses associated with pool vehicles in Jefferson City. While administration expenses are included in the OA carpool rates, the consolidation will streamline all activities relating to scheduling and maintenance of a larger consolidated pool of approximately 300 vehicles.

Additionally, the OA Carpool will serve all Jefferson City employees at prices typically less than rental or personally owned vehicles. As a result, more business miles will be conducted using a state vehicle which ultimately reduces travel expenses associated with rental and personally owned vehicles.



¹ \$697,000 in reduction to miles driven in state vehicles (used \$.28 per mile for each year to estimate state vehicle cost; \$1.13 million: mileage reimbursement cost reductions; \$371,000: rental vehicle contract cost reductions

² Assumes 3-5 percent reductions in each travel category (state, rental and personally owned vehicles) off FY 2010 figures.

Information Technology Services Division:

Cost Savings – In 2010, OA launched Unified Communications (UC) in state government. UC is an efficient telecommunications system, which will allow state agencies to integrate existing, multiple communications services across the entire state.

The new system utilizes the existing state computer network to carry much of its telephone traffic, which will allow the state to reduce what it spends on local phone and long-distance charges. These savings will be used to pay for the new UC equipment, and once the system is completed will allow for a projected savings in excess of **\$30 million** over the life of the equipment (10 years).

Missouri currently supports four independent communication networks – data, voice, mobility and video, with costs associated with managing these separate networks. UC will create one unified network covering data, voice, security, wireless and other systems, which will help lower operating costs, resulting in a Return on Investment (ROI) of 100 percent within about four years.

By simplifying the communication experience through integrating numerous systems into one easy-to-use communications tool, employees will be able to reduce travel and increase efficiency.

Also, additional benefits of UC to state workers and the customers they serve will be increased productivity, greater collaboration across state agencies and between organizations, and reduced travel time and expenses.



Division of Accounting

Debt Restructuring – The State of Missouri's Series A 2010 bond transaction that will refund a portion of the State's outstanding general obligation debt. The transaction will finance the refunding of a portion of the principal becoming due in FY2011 and a portion of the State's general obligation debt at lower interest rates levels to achieve economic savings.

The refunding transaction will accomplish the following:

- Provide budgetary relief in FY2011 of approximately **\$36.8 million**;
- Provide budgetary relief in FY2012 of **\$2.3 million**;
- Achieve present value savings of approximately 11.1% of the amount of par refunded;
- Reduce the amount of debt service paid on the State's general obligation bonds by approximately **\$19.5 million** over the life of the bonds; and
- Reduce the average life of the State's outstanding general obligation debt by moving principal maturing from 2024 and thereafter to amortize in earlier years.



Office of Administration Brings SAVINGS PROGRAM TO STATE EMPLOYEES

This year, in an effort to find alternative ways to help state employees maximize their household budgets in difficult economic times, the Office of Administration with assistance from the Division of Personnel entered into a cooperative agreement with WeSave.com to provide a new state employee discount program.

WeSave is a relatively new for-profit marketing company that promotes loyalty benefits for public employees in the United States. Currently in its fifth year of operation, WeSave serves the states of Georgia, Louisiana, Missouri, Nebraska, North Carolina, South Carolina and West Virginia.

The intent of WeSave Missouri is to help employees save money on goods and services they primarily purchase online. As employees save money on items they need or want, they may have more money to purchase other household items, or add to their savings accounts, education or retirement funds.

An additional feature unique to Missouri's program is the added value of a 1 percent cash back donation from WeSave to the Missouri State Employees Charitable Campaign based upon total employee online shopping purchases. WeSave is available to

state employees who voluntarily elect to activate their membership online using a personal or home e-mail address.

There is no cost to state government, or state employees to participate in the program. State employees who activate their membership have access to cost-saving opportunities that include:

- A customized online portal to access savings, coupons, giveaways and promotions;
- Discounts and special offers from national, regional and local Missouri merchants;
- Online shopping with cash back on every purchase; and
- An online user account to manage shopping preferences, track purchases, and redeem cash back rewards.

“Saving money on daily purchases is something that can benefit everyone” said Office of Administration Commissioner Kelvin Simmons. “The WeSave Missouri Program is one way to help state employees stretch their income while thanking them for their dedication to public service. By involving businesses throughout the state, it also encourages economic growth, which is equally important in these tight economic times.”

State employees also can nominate merchants they would like to see included in the program by using WeSave's online "Nominate a Merchant" form. WeSave staff contact these merchants to solicit their participation and also work with the Missouri Chamber of Commerce to identify and include other merchants. These combined efforts can serve to both help Missouri merchants and strengthen the economy of local Missouri communities.



The **WeSave** program serves as evidence to state employees that state leaders are working on their behalf; and is an added benefit to work in Missouri state government.

Following a pre-registration phase, the new **WeSave** program was activated on August 16, 2010, in conjunction with State Employee Recognition Week. **To date, more than 20,000 state employees have registered for the WeSave Missouri discount program.**



Worker's Compensation Spikes at Fulton State Hospital – OA RESPONDS

Worker's compensation costs have increased dramatically at Fulton State Hospital (FSH) during the past three years. Costs have more than tripled in this time period, rising from \$965,883 in FY07 to more than \$3.5 million in FY10. Fulton now accounts for 14 percent of the total worker's compensation costs for the state. All of the growth in the state's worker's compensation costs during the past two years can be attributed to FSH. Nearly 47 injuries are reported each year for every 100 employees at Fulton, seven times the state average injury rate.



To address these issues, OA has hired a safety consulting firm and a specialist in forensic mental health facilities to evaluate the conditions and practices at Fulton State Hospital. The final report has been received and a formal presentation to DMH is

being scheduled. The consulting firm and specialist offered 59 combined recommendations dealing with a wide range of issues in the areas of facility suitability, safety and security, training, and management-staff relations.

OA has established a relationship with a clinic in Fulton that can treat minor injuries as opposed to sending injured workers

directly to more expensive options such as the emergency room or front line physicians in Columbia. Further, certain blood tests required due to exposure to client illnesses will be conducted by FSH nurses onsite.

Fulton has taken initial steps to address the increased costs with positive results as injury rates have fallen in recent months. A personal alarm system recommended by the consultants and requested by the unions and staff has been bid. Additional measures, based on the consultant's recommendations, are planned for implementation in the coming months.

A photograph of a "WORK INJURY CLAIM FORM" with a pen resting on it. The form includes sections for "FILING CLAIM FOR (check all that apply):", "Failure to complete this form in its entirety may result in a delay in processing this claim.", and various checkboxes for injury types and hospitalization status. The form is partially filled out with handwritten information.

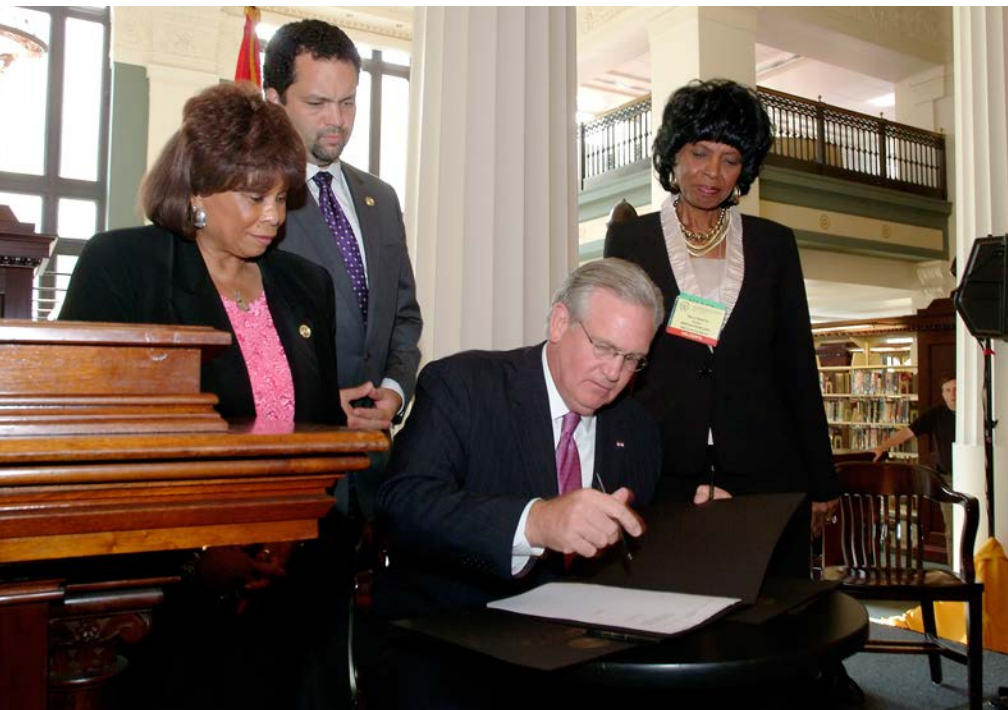
IMPROVING Workforce Diversity

Executive Order 10-24, signed by Gov. Jeremiah W. (Jay) Nixon on Sunday, July 11, 2010, during the NAACP National Convention Governor's & Mayor's Reception in Kansas City, Mo., has given way to a powerful document, affording all persons equal protection for employment under the law. Through this order, Gov. Nixon has put in place a code of Fair Practices for the Executive Branch of State Government that affirms that the state of Missouri will work to ensure that there will be no vestiges of discrimination, not only in employment practices, but also in providing services and operating our facilities.

The order created in the State of Missouri's Office of Administration, the Office of Equal Opportunity (OEO), formerly known as the Office of Supplier and Workforce Diversity. The new name of the office demonstrates that the administration of Gov. Nixon has taken one more step towards building on the inclusiveness and diversity in state government.

The executive order requires each department of the executive branch to submit an annual workforce diversity plan, to designate a representative for the new Workforce Diversity Council and to meet biannually with the state's compliance officer about the departments' workforce goals.

The signing of Executive Order 10-24 reaffirms the Governor's commitment to lead the ongoing fight for political education, social and economic equality for all.



Work•force Di•ver•si•ty (n)

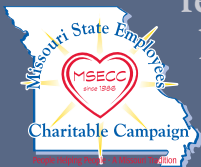
1. Similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation.

Charitable Giving by State Employees SETS RECORD

The Missouri State Employee Charitable Campaign raised an all-time record total of **\$1,250,700**, an 8.4 percent increase over the previous record of \$1,154,126. The 25th year of the charitable campaign also brought a new logo, created from a compilation of ideas submitted by state employees, who chose the final logo through an online vote. Some other notable facts about the 2010 Charitable Campaign include:

- State employees in Central Missouri (Region 4) pledged donations of **\$720,901**, a 60 percent increase over last year's Region 4 totals of **\$449,848**.
- Twenty-five (25) United Ways in Missouri received **\$566,820** in pledged donations, a 2.5 percent increase over last year's **\$527,426**.
- The amount of money staying in Missouri increased, from **\$989,304** last year to **\$1,101,272** this year.
- **A total of 1,016** of our 1,146 charities received pledges from Missouri state employees.
- Total number of donors for 2010 is **9,794**, a **7.8 percent** increase over last year's 9,317 donors.
- Average employee donation is **\$128** compared to \$124 last year.

"I am proud to lead such giving workers, who recognize the needs of their friends and neighbors and reach out to help," Gov. Nixon said. "This year marks a quarter-century of the employee charitable campaign. Over that time, state employees have shown a generosity of spirit and willingness to help improve our communities. In the true spirit of service, they have given of themselves to help their fellow man by aiding the organizations that lend a helping hand to those most in need. It is fitting that we share this good news during this season of giving."



Top 10 recipients of state employee donations:

1	Central Missouri Food Bank	\$65,784
2	Samaritan Center	\$59,707
3	St Jude Children's Research Hospital.	\$29,011
4	United Way of Central Missouri	\$23,610
5	Rape and Abuse Crisis Service.	\$22,360
6	Correctional Peace Officers Foundation	\$20,089
7	Central Missouri Humane Society	\$18,801
8	Dental, Eye & Shoe.	\$18,832
9	Friends of the Jefferson Animal Shelter	\$17,530
10	Special Learning Center.	\$15,780

PENSION REFORM in Missouri Passes

As a member of the board of the Missouri State Employees' Retirement System (MOSERS), Commissioner Kelvin Simmons was integral in moving pension reform legislation through the legislature during the special session this summer. Over the last four years, states across the country have looked at reform in order to meet growing demands on state revenues. Declining state revenues, significant investment losses and changing demographics, led the legislature to introduce legislation to address the challenges of maintaining the current pension system.

CCS/SCS/HCS HB 1 affects Missouri's main pension plan — MOSERS - and a retirement system for the Highway Patrol and Department of Transportation. It only would affect new employees added to state payrolls starting in 2011. Under the bill, new workers would be required to pay 4 percent of their pay into the retirement system. Currently, they do not contribute any funds and receive benefits funded by pension investment income and state dollars. The vesting period also increases from five years to 10 years. The legislation also



increases minimum retirement ages to receive full benefits. Ordinary state workers currently can retire at 62 years of age after five years of service. The new legislation increases the age to 67 after 10 years of service. Also, state employees currently can retire when their age, plus the number of years working for state government equal 80, if the worker is at least 48 years old. That option would be increased to 90, and the worker would need to be at least 55 years of age.

FIRST EXTRAORDINARY SESSION
[TRULY AGREED TO AND FINALLY PASSED]
CONFERENCE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1

95TH GENERAL ASSEMBLY

6004L.06T

2010

AN ACT

To amend chapters 104 and 476, RSMo, by adding thereto three new sections relating to retirement.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapters 104 and 476, RSMo, are amended by adding thereto three new sections, to be known as sections 104.1091, 476.521, and 476.529, to read as follows:

104.1091. 1. Notwithstanding any provision of the year 2000 plan to the contrary, each person who first becomes an employee on or after January 1, 2011, shall be a member of the year 2000 plan subject to the provisions of this section.

2. A member's normal retirement eligibility shall be as follows:

(1) The member's attainment of at least age sixty-seven and the completion of at least ten years of credited service; or the member's attainment of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety; or, in the case of a member who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions of section 104.081, such member's attainment of at least age sixty or, the attainment of at least age fifty-five with ten years of credited service;

(2) For members of the general assembly, the member's attainment of at least age sixty-two and the completion of at least three full biennial assemblies; or the member's attainment of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

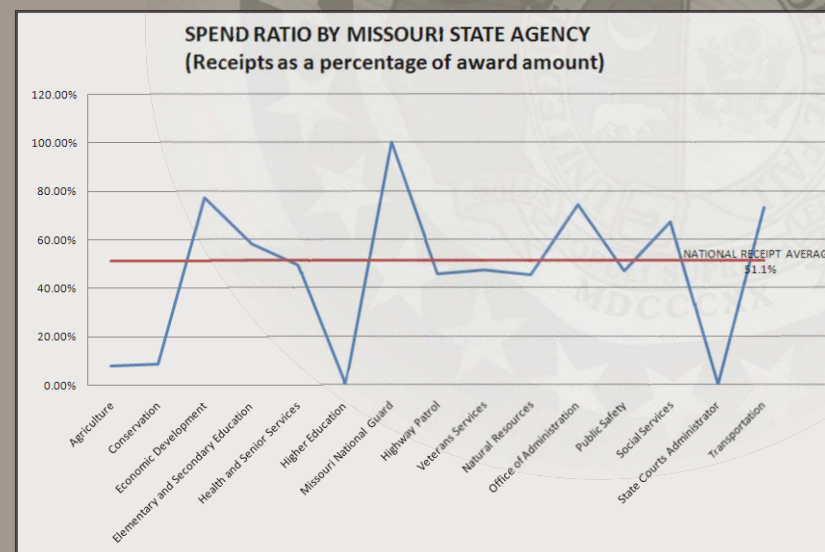
“These reforms will help ensure that Missouri’s state employee pension system remains solvent for years to come, helping us avoid the pension crises other states are experiencing,” Gov. Nixon said. “They also help bring the state pension system into line with the pension practices in the private sector. These are common-sense reforms that will help Missouri state government continue to live within its means, and I appreciate the bi-partisan leadership in the General Assembly that resulted in the passage of this bill.”

Estimated Savings

Year	MOSERS New Tier Savings	MPERS New Tier Savings	Judicial New Tier Savings	Pension Trust Savings	Total Savings
2011	6,039,245	441,755	167,452	27,023,760	33,672,212
2012	17,759,544	1,606,625	546,494	29,865,603	49,769,266
2013	29,056,347	2,835,013	976,105	30,398,877	63,266,342
2014	40,525,721	4,128,358	1,428,645	30,951,955	77,034,679
2015	51,404,417	5,537,429	1,894,730	31,516,054	90,352,630
Total Savings	\$144,785,274	\$14,549,180	\$5,013,426	\$149,747,249	\$314,095,129

OA LEADS Stimulus Reporting and Tracking Initiative for the State

In order to stimulate the economy and promote job growth and creation, stimulus money must get into the hands of the local communities. Missouri continues to stay ahead of the pack by exceeding the national average of stimulus dollars spent vs. dollars awarded. Missouri's stimulus dollars spend ratio is 55.94 percent compared to the national average of 51.14 percent. For the quarter ending December 31, 2010, Missouri submitted and reported on 331 individual 1512 - reportable grants totaling \$2,852,326,167.50 in awards. Of this total, \$1,902,549,374.82 has been expended to date and 11,997.08 jobs were created and/or retained as a result. Going forward, Missouri will expand on the current trend of transparency and accountability in government spending as we monitor stimulus projects and examine the objectives of the dollars being spent.



Missouri continues to stay ahead of the pack by exceeding the national average of stimulus dollars spent vs. dollars awarded. The most recent data provided by Recovery.gov shows the national average as of December 31, 2010 of 55.94 percent. Missouri's average agency spend ratio as of December 31, 2010 was 51.14 percent.

Missouri Maintains AAA Bond Rating

Fitch Ratings, a leading global credit-rating agency reaffirmed Missouri's AAA credit rating. This rating, which applies to general obligations bonds issued by the state, helps keep borrowing rates low for school districts, local governments, and other public bodies that borrow money to undertake major projects. **The lower rates save taxpayers millions of dollars a year.**

Fitch reaffirmed Missouri's rating due to strong fiscal management during a challenging economic period noting that, "Missouri has a long record of conservative operations and has consistently displayed a willingness and ability to support fiscal balance." In addition, Fitch cited, "Missouri's maintenance of budgetary balance despite revenue weaknesses and the expiration of stimulus funds" as another key driver of the rating.

"Missouri has a long record of conservative operations and has consistently displayed a willingness and ability to support fiscal balance."

-Fitch Ratings



COMMISSIONER'S TOP CHALLENGES

Commissioner's Challenges

Broadband Implementation –

As the MOBroadbandNow initiative moves forward, it will be incumbent upon the state of Missouri that all awardees meet the federal guidelines. In addition, the state must enhance data collection and mapping efforts to define availability throughout the state. OA will continue working to ensure that the Governor's goal of broadband access to 95 percent of all Missourians becomes a reality.

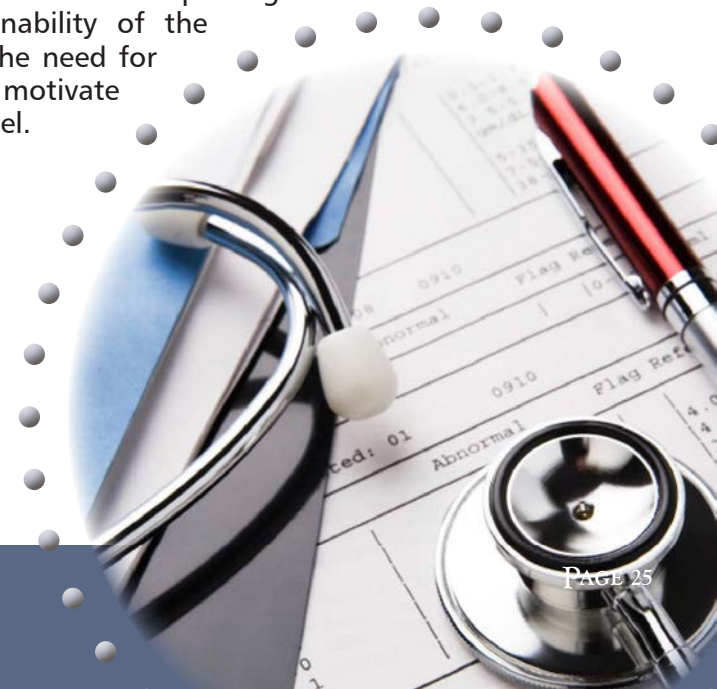
Unified Communications – Phase I of the Unified Communications (UC) project will complete in June of 2011. Phase II, slated to begin in July of 2011, will expand the system to Kansas City and St. Louis. Considerable benefits will be gained in Phase II by the reduction in long-distance services and the expansion of desktop video capabilities between Jefferson City, Kansas City and St. Louis. Installation in some of the locations will be a challenge due to physical plant issues and travel necessary for staff to do the installations.

Disparity Study Funding – The state of Missouri is working diligently to ensure an adequate M/WBE program without a disparity study. By implementing a disparity, the state of Missouri could measure the underutilization, if any, and the capacity of M/WBE vendors in the procurement area. As a result, the state of Missouri would be in a position to establish goals for the M/WBE program. The Office of Equal Opportunity is working on a public/private partnership to fund a new disparity study.

Human Resource Transformation – Currently, the State of Missouri operates under a decentralized human resources delivery model with the overall policy/procedures established

and administered by the Office of Administration/Division of Personnel. Thirteen of the sixteen executive departments have self-contained personnel teams that provide services in conjunction or duplication of the Division of Personnel functions. This model creates a convoluted and confusing system without any uniform knowledge base content or consistent policies and procedures to be shared by all HR personnel, that may be inconsistent with administration policies, directives or duplicative in practice. The state of Missouri needs a consistent way to administer human resources so that the state of Missouri could leverage resources, reduce paper transactions and create an effective and efficient system with an emphasis on the employee.

Total Compensation – State governments across the country are struggling to determine how best to provide benefits to their employees including retirement and health care coverage. As liabilities continue to grow and general revenue declines, the issue of what and how much to provide is challenging. This will continue to be an issue over the next decade as the demographics of the workforce continues to shift putting pressure on the sustainability of the system and increasing the need for new strategies to recruit, motivate and retain state personnel.





TOP ACCOMPLISHMENTS AND CHALLENGES ACROSS OA

Division of Accounting

• Mark A. Kaiser - Division Director • Division Employees: 49 • Division FY '11 Budget: \$2,176,122 •

Accomplishments

BFC Refunding – On July 7, 2010, the Board of Fund Commissioners sold the Series A 2010 General Obligation (GO) Refunding Bonds to refinance certain outstanding GO bonds. This sale generated \$39.1 million of budgetary savings in FY11 and produced a net cash savings of \$19.5 million over the life of the bonds. The transaction also shortened the final maturity of the state's outstanding GO debt by ten years. The sale was extremely popular in the market with nine bidders and the first and second place bid separated by 1/100th of a percent.

SAM II Financial – A review of SAMII Financial processing identified potential savings and efficiencies that could be garnered if paper checks were converted to electronic payments. To encourage more electronic transactions, the vendor payment website was enhanced to allow vendors to sign-up for email notifications when payments are processed. This change should help alleviate the complaint that a paper check was the only way vendors knew when they got paid. To further encourage electronic transactions, edits have been added to the systems which require an agency override to receive a check when the total exceeds \$100,000 and OA-Accounting to override to receive a check when the total exceeds \$500,000. Additionally, more emphasis has been placed on contacting vendors to request electronic funds transfer (EFT) information.

Social Security – The federal task force for social security coverage in Missouri's school districts continued communications and held referenda for seven school districts, one educational service agency, and four community colleges this past year. The modifications to the

Section 218 agreement have been accepted by the Social Security Administration (SSA) and were put into effect on July 1, 2010, as was the agreed enforcement date with the Internal Revenue Service. School districts and community colleges continue to have minor coverage questions throughout the year. Determinations are being coordinated with SSA's Regional Office in Kansas City as needed.

Accounting continues to identify political subdivisions that no longer exist or have changed names. One official name change has been accepted by SSA.

The State of Missouri hosted the National Conference of State Social Security Administrator's Annual Conference in Excelsior Springs in August. The four day conference was attended by 30 of the States' Administrators, 54 Social Security Administration staffers, 11 Internal Revenue Service/Federal State and Local Government Unit Specialists, and one Government Accountability Office staff.

Travel Policy Changes – This fall, Accounting discovered the reimbursement of state employees under the state travel policy was not in compliance with IRS regulations. After conducting numerous hours of research on the IRS regulations, other states practices, and possible impacts to state agencies, new policies have been communicated to the state agencies which brings the plan into compliance. Significant changes were required including reporting requirements to include some payments as taxable wages to the employees. As a part of the review, the statewide meal per diem was lowered by \$2 per meal. Accounting has received numerous questions and inquires that are addressed on a daily basis.

Rating Agencies – The State of Missouri has maintained the AAA bond rating despite on-going economic and budget issues. This past summer, the state hosted representatives from Moody's rating agency which comprised of a full day of meetings with department directors, lunch with the Governor and a tour of the Capitol. Accounting continues to have periodic conference calls with all of

the rating agencies as well as one-on-one conversations and emails. Thus far, communications have been positive as the analysts continue to be pleased with Missouri's ability to quickly recognize problems and resolve them. The analysts have also consistently commented on our continued fiscal flexibility, strong cash reserves and multiple year planning.

P-card Usage - Recently, the federal government and IRS have enacted several new laws and regulations which impact annual tax reporting requirements. Accounting has been reviewing the new rules and has updated state policies to comply with the changes with the least impact to departments -with one exception. Beginning on January 1, 2011, departments will be allowed to purchase services utilizing the statewide purchasing card as long as transactions are less than \$10,000. This change will increase efficiencies within the departments as users will no longer need to know the 1099 reporting requirements. Since this change is expected to increase the state's p-card volume, we expect the number of paper checks written will decrease and also that the state's revenue share from the p-card vendor will increase.

Debt Restructuring – The State of Missouri's Series A 2010 bond transaction that will refund a portion of the State's outstanding general obligation debt. The transaction will finance the refunding of a portion of the principal becoming due in FY2011 and a portion of the State's general obligation debt at lower interest rates levels to achieve economic savings.

The refunding transaction will accomplish the following:

- Provide budgetary relief in FY2011 of approximately **\$36.8 million**;
- Provide budgetary relief in FY2012 of **\$2.3 million**;
- Achieve present value savings of approximately 11.1% of the amount of par refunded;
- Reduce the amount of debt service paid on the State's general

obligation bonds by approximately **\$19.5 million** over the life of the bonds; and

- Reduce the average life of the State's outstanding general obligation debt by moving principal maturing from 2024 and thereafter to amortize in earlier years.

Challenges

Cash Flow – Although the first half of the fiscal year has not presented any cash flow challenges, that is expected to change in 2011. The division will have a better understanding of how significant the cash flow challenge will be once the new consensus revenue estimate are available. Current projections show that it will be necessary to borrow from the budget reserve fund, as well as delay certain payments.

Federal Withholding – Beginning January 1, 2012, the state will be required to withhold three percent of all payments greater than \$10,000 (except those deemed benefit payments) and submit them periodically to the federal government. At the end of the year, 1099 documents will require the reporting of amounts withheld to the vendors. The IRS has not provided final regulations; however, Accounting is working with ITSD and CGI to modify the SAMII system to accommodate these new requirements with the least amount of impact to the departments. The goal is to create a structure that is easy to maintain and results in minimal impacts to statewide personnel.

Comprehensive Annual Financial Report Qualification – The Comprehensive Annual Financial Report (CAFR) is prepared by Accounting and audited by the State Auditor's Office (SAO) each year. Every year since 1974, the CAFR has had a qualified audit opinion – an audit if the auditor disagrees with the treatment or disclosure of information in the financial statements – because the Department of Revenue will not allow the SAO to view original personal income or sales tax documents because of confidentiality concerns.

Therefore, the SAO states that they cannot verify the accuracy of the information because they are denied sourced documentation. The CAFR is distributed as part of the State's required disclosure for its outstanding bonds. In the past year, Moody's rating agency noticed the qualified opinion. In order to mitigate the negative impact of the qualified audit opinion, the division continues to work with the Department of Revenue and the State Auditor's Office to come to an agreement on auditing procedures.

Social Security – Accounting will have continued responsibilities as it relates to Social Security including working with K-12 schools, community colleges, and all the various political subdivisions including counties, cities, water & sewer districts, housing authorities, and fire and ambulance districts. The primary focus had been on educational institutions in which coverage was implemented in July, 2010; however research shows that there are many other political subdivisions in Missouri without the proper 218 agreement for Social Security coverage. Linn State Technical College and Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) have already received a determination that they need a referendum to continue Social Security coverage. Linn State Technical College has scheduled their referendum for January 2011. MPERS board of directors will discuss their options for holding a referendum at their next board meeting. As additional entities are identified, we will need to coordinate with each whether they will stop providing coverage or hold a referendum to continue coverage.

Employee Benefits:

Self-Service Portal - The employee self-service web portal is in the last stages of development and testing. It will include single, sign-on capabilities with select state sponsored employee benefit plans. The challenge is testing, with those vendors, to ensure secure transfer to their systems. Implementation is scheduled for February 2011.

New Retirement Tier – Implementation of the new 2011 retirement tier has required Accounting to work with the agencies to ensure that all employees have been properly classified as benefit or non-benefit eligible and placed in the proper tier for

retirement. In addition, it has required the need for employee contribution collections, if employees were not properly identified up front. Accounting has coordinated a processing policy with MOSERS and MPERS for these situations, however employee paybacks may create hardships from their take home pay.

Cafeteria Plan – Significant adjustments for 2011 and 2012 need to be made due to changes at the federal level related to tax breaks for cafeteria plan participation. Beginning in 2011, some over-the-counter medications will no longer be allowed without a prescription from a doctor and there is a reduction in the maximum dollars an individual can contribute to their flexible spending accounts. In order to ensure employee understanding of these changes, continued communication and outreach throughout the year is essential.

Debt Offset Collections – Debt offset collections by the United States Treasury continue to present challenges to agency fund draw downs. The majority of these are caused by Medicare claims now being identified as the responsibility of the health care plans. Missouri Consolidated Health Care, Conservation, and the Missouri Department of Transportation continue to coordinate these collections with the Center for Medicaid & Medicare Services; however, processing errors and accelerated collections can still reduce an agency receipt unrelated to the Medicare claim. The Office of Administration is presented with the challenge of making the agency fund whole, while reconciling the debt with the health care administrator.

Financing Ideas – Often during economically challenging times, there is a significant increase in the discussion around bond proposals. Some of the proposals are common to the state, such as the Fifth State Building or Board of Public Building bond issuance proposals; however, others are less routine for Missouri such as pension bonds, tobacco bonds, unemployment bonds, scoop and toss transactions, or large lease purchase arrangements. With each bond proposal, Accounting is challenged with being responsible for reviewing the proposal and discussing any issues related to legal bonding requirements or consistency with Missouri's conservative approach to bonding.

Budget and Planning

• Linda Luebbering - Division Director • Division Employees: 26 • Division FY '11 Budget: \$1,639,387 •

Accomplishments

Legislative Tracking and Reviews – Each year, Budget & Planning (B&P) is responsible for tracking hundreds of bills as they progress through the legislative process. Budget & Planning provides information on these bills including their status in the legislature. During legislative session, staff reviewed 1,052 fiscal notes. Last spring, 91 bills were reviewed by departments and B&P as part of the process to provide analysis to the Governor's Office on legislation passed by the General Assembly. This fall the division completed a

review of 297 department legislative proposals for the Governor's Office. Division staff coordinated both review processes and worked to implement improvements to the processes and forms used.

Appropriations Tracking and Review – B&P tracked and provided analysis on all appropriations bills as they progressed through the legislative process. B&P reviewed all of the Totally Agreed to and Finally Passed (TAFP) Appropriations Bills (HB 2001-2016) to

provide analysis to the Governor's Office for potential line-item vetoes, both based on the revenue shortfall and policy issues.

Maintaining a Balanced Budget – B&P provided options and analysis to the Governor's Office during six rounds of expenditure restrictions, helping the Governor to maintain a balanced budget.

Executive Budget Preparations – The Division has explored various areas for cost containment, program review, and areas where fee supported programs are not covering the cost of doing business. For example, B&P worked with three departments and several vendors to develop a complete and thorough review of all Medicaid programs for potential cost savings and program improvements.

Census 2000 and Redistricting – In final preparations for the Census 2000 count, the State Demographer worked with the U.S. Census Bureau to complete a review of Missouri's Master Address File. In addition, staff members were hired and the redistricting office was opened in July. The office has been training on redistricting software, setting up databases and running preliminary line-drawing exercises in anticipation of the receipt of population files in early 2011.

Challenges

Expenditure Restrictions – Beginning in January 2009, there have been multiple rounds of budget reductions. Each round of reductions was more challenging than the previous, as any less critical items have been eliminated from the budget in earlier rounds of cuts.

Projecting Revenues for FY 2011 and FY 2012 – With the continued economic volatility, previous and potential changes in state and federal tax laws, tax credit growth, and unpredictable



taxpayer behavior it will be challenging to project revenues the next few budget cycles.

Cash Flow – As the general revenue cash balance is hurt by the economic situation, B&P needed to more frequently and closely monitor cash balance, with the Division of Accounting to lessen the need to borrow from the Budget Reserve Fund and ensure sufficient cash flow for general revenue expenditures.

Generating Recommendations for FY 2012 Executive Budget – Given the revenue constraints that will continue in the next fiscal year and loss of federal budget stabilization dollars, the division continued to determine the additional number of reductions that will be needed to fund the Governor's Executive Budget recommendations.

Fringe Benefits Costs – The state's fringe benefit costs are rising. B&P worked with various health care and pension plans to ensure the state employee and retiree health care and retirement benefits are available and affordable.

Out-year / long-term planning for state budget – Due to the historical nature of the current economic downturn, it has been challenging to anticipate spending needs that are tied to the economic situation, such as Medicaid. The economic situation also made decisions on legislation more challenging.

Redistricting Support – During 2011, B&P staff will support the two, House and Senate commissions charged with redrawing state district lines. The 28 commissioners have a very tight timeframe to complete their charge - six months from the time of their appointment to hold public hearings around the state and file a final plan with the Secretary of State.



Division of Facilities Management, Design and Construction

• Cathy Brown - Division Director • Division Employees: 680 • Division FY '11 Budget: \$89,814,652 •

Accomplishments

Cost Savings – There have been significant cost savings from leasing operations as a result of renegotiation of leases, termination of leases and janitorial contracts, consolidations, and the moving personnel from leased to owned space. Total savings this calendar year are \$2.4 million with a reduction of 215,730 square feet in leased space. In addition, FMDC has consolidated a number of warehouse operations within Jefferson City to one location with a projected savings of \$370,000 in Fiscal Year 2012. In addition, the division terminated a additional warehouse leases, resulting in a savings of \$50,000.

Carthage Crime Lab/Springfield Crime Lab Facilities – Crime lab projects were completed and are now operational. The Missouri State Highway Patrol (MSHP) personnel is more efficient in their operations as a result of the new labs. Final payment has been made to the city of Springfield. Carthage Crime Lab was completed less than the original budgeted amount.

Non-State Lease Tenants – The division has taken aggressive steps to address the issue of non-state tenants failing to comply with their rent obligations to the state. As a result, these tenants are either completely or nearly paid in full within a month of their obligation. This includes past issues with Prince Hall tenants.

Execution of Executive Order 2009-18 – Final reports are in for the first and second quarters and the FMDC has exceeded the two percent consumption reduction requirement for both quarters, statewide. Third quarter figures will soon be available. The division has implemented changes in thermostat set points statewide, and are beginning to see increased cooperation from the other agencies in regard to this effort.

Missouri State Penitentiary Redevelopment Project – FMDC has been working closely with the city of Jefferson and Cole County, along with the Missouri State Penitentiary Redevelopment Committee (MSPRC) members to facilitate the project moving forward. The FMDC was successful in securing \$2.4 million of Community Development Block Grant funding to demolish a number of antiquated buildings located on the site. In addition, the division is working closely with the Department of Natural Resources in our effort to obtain approximately \$1.2 million of State Energy Program (SEP) funding to address complete building envelope issues in the "historic district" for Housing Unit 4 and the chamber. The FMDC anticipates receiving additional funding for housing units 1 and 3, and hopes to secure matching funds for the SEP from outside resources. The Division has also worked closely with Ameren Missouri on potential energy grant funding to assist in the match needs for the SEP monies. A Memorandum of Understanding agreement with the Jefferson City Convention and Visitors Bureau was signed to allow them to conduct "themed"



tours on the site in 2011. Also, the state received \$317,000 in grant money for the "trails project."

Division Reorganization – The FMDC has reorganized key internal functions in order to consolidate like efforts within the Division. Staff has been moved organizationally and physically to form a more cohesive work structure. The reorganization will significantly improve the Division's efficiencies of operation.

Disaster Responsiveness – As funding for deferred maintenance has dissipated, the division has successfully responded to equipment failures and various emergency needs at sites statewide. The division is very timely in our responses to legislative inquiries and requests for assistance.

Bellefontaine Habilitation Center Project – This is a complicated project that has required excellent project management skills from the FMDC office. Being a two-part project with new construction and maintenance & repair components combined, staff has worked tirelessly to keep the project on schedule and deliver an end product that will greatly serve clients within the Department



of Mental Health. This office has been very successful with the delivery of this project.

Maintenance Consolidation – Phase II of the consolidation successfully consolidated 195 FTEs from departments of Elementary and Secondary Education and Mental Health. Consolidation is working very well across departments.

Various Building Projects – The FMDC completed the installation of the new roof on the Missouri capitol. Additional repairs included the Broadway Building, replacement of the roof on a portion of Prince Hall, replacement of the entire roof at the building located at 9900 Page Blvd., and installation of a new generator at the Environmental Control Center. This new generator will back up the entire capitol once the electrical work is complete in that building. The division has successfully completed various other projects around the state.

Challenges

Maintenance Consolidation-Phase III – Phase III consolidation will be introduced to the legislature in January. The proposal would consolidate 103.50 new FTEs within the division from around the state. The affected agencies are the departments of Corrections, Social Services/Division of Youth Services, and Elementary and Secondary Education. This still leaves approximately 400 employees who have not been consolidated from the Department of Corrections, the Veteran's Commission and the Highway Patrol. FMDC continues to believe the complete consolidation of maintenance within the Office of Administration will ensure that dollars are more consistently applied

towards maintenance needs, which will produce better upkeep and reduce these costs in the long term.

Execution of Executive Order 09-18 – The FMDC continues to work towards full implementation and cooperation within all state agency facilities. The division faces challenges with reducing our overall utility expenditures with the significant increase in utility prices statewide. Even though the division met the 2 percent reduction in consumption, we still could spend more in the future as a result of increased utility costs.

Talisen Technologies Contracts – The division currently pays annual and monthly invoices totaling \$1 million per year as a result of contracts that were established prior to Jan. 1, 2009. The FMDC is aggressively working with Talisen and the Information Technology Services Division (ITSD) to migrate many of these services to the state and to state servers. The migration process is lengthy and

requires a lot of effort from many employees. FMDC is moving closer to identifying user needs and ultimately making decisions on how much of these functions could, in fact, be migrated to the state for our ultimate responsibility. The goal is to significantly reduce the \$1 million annual expenditures. Through this process, the contract with Johnson Controls was terminated. However, much of their expenditures were passed on

to Talisen and FMDC will continue to address those in whole with the annual outlay to Talisen.

Missouri State Penitentiary Redevelopment Commission – The FMDC is working diligently with the MSPRC members as well as the city of Jefferson and Cole County to address everyone's concerns related to the Historic District." There continue to be challenges

related to the Master Plan and the areas of focus. The state is taking an active stance to assist whenever possible, and to help guide the Commission in the direction outlined by the Master Plan. The FMDC continues to explore all possibilities for other forms of funding in an effort to maintain the buildings located within the Historic District. The Jefferson City Chamber of Commerce and the Convention and Visitors Bureau is included as often as possible.



Capital Funding vs. Deferred Maintenance Needs – With the lack of capital funding to address deferred maintenance, the FMDC continues to rely somewhat on E&E funding to help meet the maintenance needs. There have been significant withholds with FMRF funding which necessitate the division being more reactive than proactive in regards to addressing deferred maintenance needs, which can be very costly.



Division of General Services

• Mark S. Kaiser - Division Director • Division Employees: 106 • Division FY '11 Budget: \$4,624,734 •

Accomplishments

Reduced Mileage Reimbursement Rates – In an effort to assist agencies in cutting their costs of operation, the Office of Administration reduced mileage reimbursement rates by \$.13 per mile during 2010 to the current rate of \$.37 per mile. This action saved over \$950,000 during FY 10 and is expected to generate \$2.3 million in savings for FY 11.

Cut Business Miles Driven – State agencies were asked to reduce their FY 11 business miles driven by 10 percent from FY 09 levels. Executive branch agencies reporting to the governor reduced mileage by 7.5 percent during FY 10. When the target reductions are reached, employees of these agencies will have traveled over 7 million fewer miles in the current fiscal year at a projected annual cost savings of approximately \$2.8 million.

Continued Redirection of Business Travel to Lowest Cost Option – For the fifth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals. Since FY 05, mileage reimbursement miles have dropped 47 percent. While total business miles driven have dipped 7 percent over the period, state vehicle miles actually increased 4 percent while rental vehicle miles more than doubled. Moving from the highest cost option of mileage reimbursement to the lower cost options has saved an estimated \$1.5 million per year from FY 05 levels.

Reduced the State Vehicle Fleet - Most executive branch agencies were directed to reduce their passenger fleets by 10 percent by the end of 2010. Once the fleet reduction has been achieved, approximately 400 vehicles will have been eliminated from the state

fleet. The sale of these assets should generate a minimum of \$400,000 to \$600,000 for the state.

Reduced Rental Vehicle Rates – The Office of Administration entered into a cooperative contract administered by the Western States Contracting Alliance for rental vehicles. This contract lowered costs by 17 percent from previous contract rates for the most common vehicle rented by agencies. Two vendors are now available for agencies to choose from and all insurance is included in the rental rates. Total annual savings is estimated to exceed \$250,000.

Consolidated Agency Carpools – Fleet Management has begun the consolidation of agency carpools in the Jefferson City area. Collectively, over 400 vehicles are currently available for use by employees of these agencies. However, not all carpools are fully utilized and when a carpool runs out of vehicles for the day, employees are often redirected to much more expensive options such as paying mileage reimbursement for use of their personal car. In addition, agencies expend administrative resources in administering these individual carpool fleets.

The planned carpool consolidation will result in a 25 percent reduction in the number of required vehicles to serve agency needs. Approximately 100 vehicles (included in the 400 slated for elimination overall) will be sold by the state. Consolidating these smaller carpools will reduce required vehicles, increase administrative efficiencies, maximize vehicle utilization, reduce the operating cost per mile and minimize the necessity to redirect business miles to more expensive options.

Consolidated DOSS Mail Services – Phase II of mail consolidation was completed late in 2010. The Department of Social Services merged their



mail operations with Central Mail Services and State Printing at their new facility in western Jefferson City. Efficiencies realized during the consolidation will allow mail services to be provided to Social Services at staffing levels 50 percent below those required at the beginning of FY 10. Total savings to the state in personal services and fringe benefits will exceed \$330,000 per year.



Addressed Rising Worker's Compensation Costs at Fulton State Hospital – Worker's compensation costs at Fulton State Hospital increased dramatically between FY 07 and FY 10. Costs more than tripled between FY 07 and FY 09. Costs continued to rise in FY 10, but at a slower pace. A cooperative effort between Fulton State Hospital, the Department of Mental Health and Risk Management brought a series of changes and initiatives that have begun to impact the number of claims by Fulton employees. Fulton is a unique facility that due to the nature of its work and the clients they serve creates a higher risk of injury for its employees. Fulton represents 41 percent of total DMH and 14 percent of total state worker's compensation expenditures.

Risk Management, in cooperation with DMH, commissioned a study by a safety consulting firm and a forensic mental health specialist to review the facility and its operations to determine how best to address the rising worker's compensation claims and costs. Initial results from the study have been shared with the agency and plans are underway to implement a number of the findings.

Implemented a New Administrative System for MOPERM –MOPERM staff has substantially implemented the Risk 360 system which provides a comprehensive financial management package for risk management and insurance pools. This system replaced an outdated system that has provided underwriting, claims and financial reporting for the fund for over a decade. The new system is web-based and offers the latest technology enhancements that will improve efficiency and service to MOPERM members.

Implemented a Reporting Interface to Comply with Medicare Reporting Requirements – Beginning January 1, 2011, Medicare (CMS) will be requiring worker's compensation insurers and other responsible parties to report payments to Medicare eligible and potentially eligible individuals. As this reporting must be submitted electronically, an interface system was developed and tested to meet the federal requirements. Next year, liability payments will also be submitted to Medicare.

Challenges

Further Agency Carpool Consolidations – Consolidating the agency carpool fleets will continue during 2011. Agencies will be progressively added to the consolidated pool as the numerous administrative details incumbent with these mergers are worked out with the agencies. Issues such as determining appropriate consideration for non-GR funded vehicles; pool locations; agency administrative support for vehicle checkout; as well as the division's internal capacity to handle

added administrative and support responsibilities must all be addressed.

Co-locating Central Mail Services with State Printing – Early in 2011, Central Mail Services will move from the Employment Security Building on Dunklin Street to the new State Printing facility. The combined operation will offer enhanced efficiency and greater oversight of both operations. Co-locating the two operations will achieve substantial savings by reducing the required facility space and lowering the rent and occupancy costs. The new facility offers better access and space layout than was currently provided. Conditioned paper storage will enhance productivity and reduce spoilage. Additional staffing efficiencies should also be realized as a result of this consolidation.

Implementation of RESTORE – Risk Management is working closely with the Information Technology Services Division to fine tune requirements for a new worker's compensation system. Programming is proceeding and timely completion of this project is essential to meeting new requirements that will be placed on the division. The current system is very old technology and ITSD is concerned that they will lose programmers to retirement that are proficient in the programming language used to maintain the system. In addition, the Division of Worker's Compensation is developing a new reporting system of their own and will require electronic submission of data and an expanded interface from its largest insurers. The new system will provide enhancements that will spur improved accountability, functionality, productivity and efficiency.

Rising Worker's Compensation Medical Costs – Medical costs associated with worker's compensation claims continue to rise consistent with medical cost inflation. Despite fewer claims, the average medical cost per claims has risen significantly, particularly in the last half of 2010. Medical costs project to be 63 percent of total worker's compensation costs. Several catastrophic claims along with expediting medical payments have been responsible for a large portion of the increase. Changes to how hospital bills can be adjusted and other factors also impact the growing

medical costs. Risk management is reviewing expenditures and will continue to explore ways to control rising costs.

Several factors will make controlling medical costs a challenge. Medical cost inflation is expected to continue at a much faster pace than overall inflation. An aging workforce increases the potential for injuries. Older workers may have other non-work related conditions that can increase the cost of medical care or delay their recovery from an injury. Changing the state health care plan to one that institutes deductibles and co-pays has the potential to encourage some workers to falsely claim that a sustained injury was work related to avoid the higher out-of-pocket expenses.



Deteriorating Fleet Condition – The condition of the general revenue passenger fleet continues to be a concern. Reliable and safe transportation is critical in providing essential state services to the people of Missouri. The annual general revenue investment in the passenger vehicle fleet alone should be at least \$3.5 million to maintain the fleet at its present condition. However, general revenue funding over the past several years for these vehicles has fallen significantly below the required levels. During FY 10, just \$1.3 million in general revenue was expended for vehicle replacement. At the end of FY 12, more than 41 percent of the GR passenger fleet will exceed the 120,000 mile minimum replacement criteria and 20 percent will have odometer readings exceeding 150,000 miles. Without sufficient annual funding to replace aging vehicles, the condition of the fleet will deteriorate to a point where agencies are forced to utilize more costly travel options.

Review of Confidential Plates –

Agencies require the use of state vehicles with confidential plates - normal license plates that do not reveal that the vehicle and driver are on official business. These vehicles are used to conduct investigations and in other circumstances where disclosure that the driver of the vehicle is a representative of the state may adversely impact the nature of the work or the safety of the driver. The Department of Revenue regulates and issues these plates. It is appropriate that the state periodically reviews the issuances of these license plates to ensure that the business reason for these plates continue to warrant their use. Transparency and good public policy require that vehicles used for state business be identified as a state vehicle unless a stringent standard is achieved justifying a confidential plate.

Fleet Management will work with DOR and state agencies to review these vehicles to ensure the appropriate standards are met. In addition, a number of these vehicles are only utilized part time for purposes that support a confidential plate. Fleet Management will explore establishment of a confidential fleet pool for use by qualified individuals when a confidential vehicle is required. This will ensure these confidential plate vehicles are fully utilized and that those individuals who were previously assigned a confidential vehicle utilize a normal pool vehicle when their travel does not require a vehicle with confidential plates.

Warehouse Consolidation – Several state agencies will be consolidating their warehouse space into one facility that will also house State Printing, Central Mail Services, Secretary of State Records Center and the Department of Revenue License Plate storage. The consolidated warehouse offers the opportunity to reduce warehouse space by 30 percent and save facility rental and occupancy costs. In addition, a

review of staffing needs will take place to determine optimal levels. General Services will oversee the central warehouse function although each agency will be responsible for their own operations.



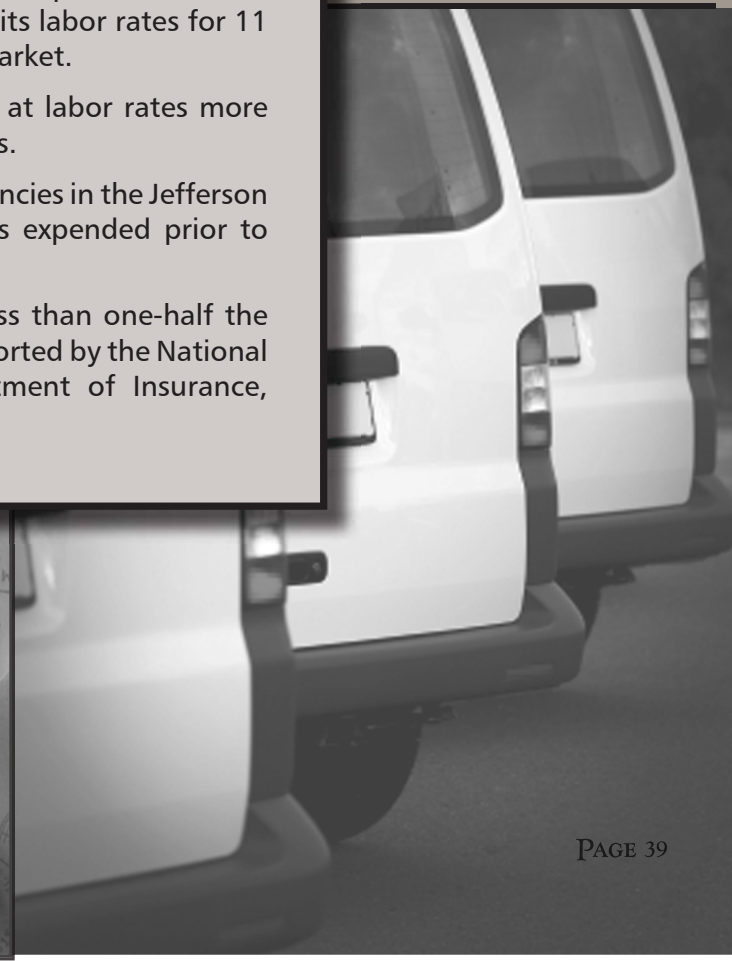
Adjudicating Medicare Claims against the State – New federal rules require the state and other insurers to report injuries to employees who are eligible to receive Medicare payments or who have injuries that may require medical care in the future that could impact Medicare. As a result, General Services anticipates that Medicare will bill the state for medical payments they have made on behalf of current or former state employees whose medical treatment may have been associated with a previous worker's compensation injury. It is expected the burden of proof will be on the insurer and the state to prove the payments were not from a work related injury. This review and documentation process will consume staff resources and the resulting claims from Medicare will raise worker's compensation costs in the future.

Updating the Missouri State Employees Charitable Campaign (MSECC) Donor Database System – The current MSECC system is an Access database that requires considerable support by ITSD to maintain each year. The system is functional but is limited and requires substantial staff effort to produce reports and reconcile

pledges. Further, changes to the system will be required to protect employee privacy and to fully implement the new retiree pledge component. A new system has been requested that will be more robust, reliable, efficient and secure.

Managing with Limited Resources – As with most agencies, General Services continues to provide increasingly complex and expanded services to state agency customers with diminishing resources. The division prides itself in meeting these new challenges with innovative solutions that improve productivity, increase efficiency and lower costs. To illustrate:

- State Printing has improved productivity by streamlining staff and responsibilities and utilizing emerging technologies. State Printing has not increased its labor rates for 11 years with charges remaining significantly below the prevailing market.
- Vehicle Maintenance continues to provide vehicle repair services at labor rates more than 45 percent below the average local repair facility hourly rates.
- Central Mail Services provides mail processing services for state agencies in the Jefferson City area at a cost to the state nearly 40 percent less than was expended prior to consolidations.
- Risk Management processes workers' compensation claims at less than one-half the cost of other insurers doing business in the State of Missouri as reported by the National Council for Compensation Insurance and the Missouri Department of Insurance, Financial Institutions and Professional Registration.



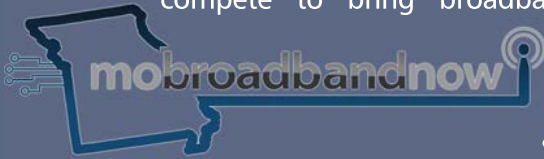
Information Technology Services Division (ITSD)

• Doug Young - Chief Information Officer • Division Employees: 1,145 • Division FY '11 Budget: \$229,989,620 (\$42,489,135 GR) •

Top Accomplishments

End-User Support: Helpdesk Consolidation – ITSD consolidated end-user support (EUS) and helpdesk functions into one central online helpdesk utility across 12 consolidated agencies in 2010. Previously, each agency hosted separate helpdesk software and end-user support systems, and several paid a monthly maintenance to support such a system. Software savings thus far are estimated at \$98,684.

MoBroadbandNow – The MoBroadbandNow initiative was created by Governor Nixon to coordinate the state's efforts to aggressively compete to bring broadband funding to Missouri in response to the federal recovery bill passed in 2009. Governor Nixon established a goal to increase broadband accessibility from its current level of 79.7 percent to 95 percent within five years.



The State, through its MoBroadbandNow initiative, worked to secure partners with a solid plan, the financial wherewithal, and commitment to ensure a successful project. The federal stimulus bill (ARRA) provided \$7.2 billion to expand access to broadband services. In September 2010, the federal agencies completed their awards bringing \$261 million for 19 projects to Missouri. The total value of all of these projects including cash and in-kind match is \$311 million.

National Digital States Survey: Missouri Receives a B+ – In 2010, Missouri was nationally recognized as a leader in the area of technology-savvy governments. The Center for Digital Government released its 2010 Digital States Survey, showing Missouri received one of the top grades among the states for demonstrating technology best practices. Only four states received an A, with Missouri and eight other states receiving a B+. In addition, Missouri was ranked fourth in the nation in the Commerce, Labor and Tax category of the

survey. The previous survey conducted in 2008, placed Missouri 24th among the states. For the first time this year, the Center for Digital Government replaced linear rankings with letter grades for all 50 states.

Network & Telecommunications: Unified Communications Initiative – In response to Governor Jay Nixon's call for a smarter, more efficient state government, ITSD launched Unified Communications (UC) in August 2010. UC will create one unified and modern network covering data, voice, security, wireless and other systems, which will help lower operating costs. UC will also refresh the network infrastructure and upgrade capacity, allowing for more citizen-centric interaction, delivery of better service, and responsiveness to the public.

In addition to cost savings for Missouri taxpayers over the lifespan of the new equipment, the benefits of UC to state workers and the customers they serve will be increased productivity, greater collaboration across state agencies and between organizations, and reduced travel time and expenses.

Online Services and Web:

Citizen Engagement and Participation – In an effort to increase online citizen engagement and participation, interactive tools such as videos, timely news, feature stories, and other social media sites were strategically placed on Mo.Gov, as well as other agency web portals. In essence, these additional communication venues provide more touch points to effectively engage citizens and learn more about their comments and concerns, as well as provide a forum for them to learn more about government.

eGovernment – ITSD's concerted efforts on the eGovernment technology front is also adding value to existing web sites. The conversion of manual and paper processes to streamlined online electronic forms, applications, and data sets are being continually assessed and explored for viability in highly requested daily

state government operations and citizen services.

Open Government and Transparency

– ITSD continues to illustrate its commitment to increasing the openness and transparency of government, by leading and working on a plethora of web and application projects that reflect this philosophy.

Open-Source Content Management Systems – In order to be more efficient and productive in 2010 and beyond, ITSD increased the use of open-source content management systems like Drupal and Wordpress. In addition, low-cost or free content delivery platforms like Flickr and YouTube were utilized more frequently.

Special Initiatives – In addition to offering more traditional government services online, other special web portals were also created and developed to benefit citizens. As a joint project supported by the Missouri Civil War Sesquicentennial Commission, Missouri Tourism Division, and the Missouri Department of Natural Resources, the Missouri Civil War Sesquicentennial web site was one such example. As Missouri commemorates the sesquicentennial of the Civil War this year, citizens may now learn more about Missouri's historic role in the Civil War. (Web portal: <http://mocivilwar150.com>).

At-A-Glance ~ Website Redesigns – In 2010, several executive departments' websites were redeveloped and redesigned to improve usability, including:

- Office of Administration,

- Department of Labor and Industrial Relations
- Department of Mental Health
- Department of Natural Resources
- Department of Revenue
- Department of Social Services

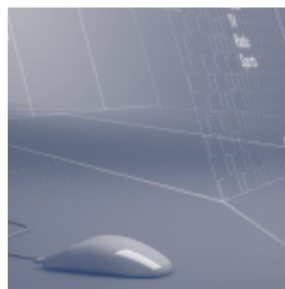
The new websites are more citizen-friendly and include additional online services.

Power Management – ITSD implemented a power management plan for consolidated agencies. Currently, workstations reporting to the server with power management options is approximately 11,200. With 11,200 workstations transferred to a

"hibernation" mode at 7:00 PM each evening, ITSD is saving an estimated \$2,240 per month on power consumption. In 2011, a statewide implementation plan will be rolled out to increase savings on this front.

Professional Development – In an effort to improve ITSD end-user support (EUS) services to all customers, nearly 325 IT EUS and helpdesk staff were required to participate in EUS Customer Service training. Seven three-hour face-to-face training sessions and two live interactive webinars were hosted during summer 2010. It also helped to reinforce ITSD's vision and values of delivering exceptional customer service at all times, with all customers, and across various forums of communication - such as the online helpdesk system, email, telephone, and face-to-face meetings. A live webinar was recorded

for viewing by all future new EUS employees. You may access the recorded webinar at: <http://modeptrev.adobeconnect.com/p37877224>.





State Data Center:

Consolidation and Virtualization – In 2010, the State Data Center consolidation and virtualization initiative continued from last year, but saw integration efforts in support of eight separate State agencies as they migrated from numerous divergent technologies residing in discrete silos into sustainable, standardized servers integrated into the secure environment of the central State Data Center. Eight agencies saw more than 500 servers migrated.

Email Migration into Statewide Exchange Server – During early 2010, Natural Resources was consolidated from a stand alone, agency-specific Lotus Notes/Domino email implementation system to the State of Missouri's consolidated Exchange Server e-mail and archiving system. This effort required that 1,800 mailboxes for the agency be moved to complete this consolidation. This resulted in a cost savings of approximately \$133,000. This savings was realized by eliminating Lotus Notes software maintenance and support, and the elimination of an e-mail gateway (which included hardware and software costs).

Statewide Project Management Office (PMO) – Mirroring a nationwide trend, a central Project Management Office (PMO) was newly formed in 2010, in response to a need to help establish a more formal statewide project management structure and system to manage enterprise-wide and individual agency IT projects alike. Not only will this allow for greater collaboration among government

agencies, but it will provide greater visibility and transparency into IT operations, and will ultimately play a vital role in helping state government perform better and deliver citizen services more effectively and efficiently.

Unified Communications:

Cost Savings – In 2010, OA launched Unified Communications (UC) in state government. UC is a efficient telecommunications system, which will allow state agencies to integrate existing, multiple communications services across the entire state.

The new system utilizes the existing state computer network to carry much of its telephone traffic, which will allow the state to reduce what it spends on local phone and long-distance charges. These savings will be used to pay for the new UC equipment, and once the system is completed will allow for a projected savings in excess of **\$30 million** over the life of the equipment (10 years).

Missouri currently supports four independent communication networks – data, voice, mobility and video, with costs associated with managing these separate networks. UC will create one unified network covering data, voice, security, wireless and other systems, which will help lower operating costs, resulting in a Return on Investment (ROI) of 100 percent within about four years.

By simplifying the communication experience through integrating numerous systems into one easy-to-use communications tool, employees will be able to reduce travel and increase efficiency.

Also, additional benefits of UC to state workers and the customers they serve will be increased productivity, greater collaboration across state agencies and between organizations, and reduced travel time and expenses.

Top Challenges

Consolidation – Over the past year, ITSD placed considerable effort and focus on further capitalizing on a consolidated and unified IT organization structure. Of particular concern is the model that has been used to distribute costs back to the various

federal and state appropriations. In FY12, ITSD will implement a new cost-recovery model that will allow further consolidation of staff and meet the reporting requirements for the various programs. This will entail a significant adjustment, but will pay the State dividends for years to come by allowing ITSD to restructure its workforce to more effectively address daily support issues. Not only will this effort translate into better support, it will allow ITSD to produce better outputs with a smaller, more nimble workforce.

CyberSecurity – Malicious attacks against the State’s electronic resources continue to mount, a trend not unique to Missouri. ITSD’s security team will be challenged to stay ahead of the threats to keep State data safe from external threats. Security education efforts with agencies will also continue, as national trends indicate the greatest threat to data security comes from internal employees.

Legacy Systems – Securing IT staff with the skills needed to support legacy State systems continues as a major challenge. Many of our larger and older systems were written in COBOL, or other dated languages. With an influx of expected retirements, today, the majority of graduates coming out of schools do not have the training in older languages, nor do they want to explore opportunities related to maintenance. Most want to develop in new languages

and do cutting-edge work, not maintain old and antiquated systems. Even within the current economy, competition for quality programmers is significant. Over the next year ITSD intends to award bids to rebuild three major systems to lessen our reliance on outdated technology and improve systems capabilities.

Recruitment efforts and internship programs to attract potential employees will continue. In addition, internal mentoring to develop skills with existing staff related to program

maintenance will continue. Efforts to identify compensation challenges and formulate plans to address will also continue with the help of the Division of Personnel.

Recruitment and Retention – Deploying innovative strategies to retain and recruit skilled IT professionals in state government is an ever-increasing challenge. ITSD has worked to streamline its recruitment efforts and to rollout more IT-related and niche recruitment initiatives in order to better secure viable candidates. For example, this past year ITSD reached out to colleges and universities to gain a presence among students and faculty, and to allow ITSD to evaluate potential new hires via internships. Nonetheless, even in a down economy, the ability to attract quality new employees or competitively retain existing staff proves challenging. The traditionally appealing stable and long-term state benefits package is quickly losing ground to more modern workforce demands, such as flexible schedules and mobile work locations. Unified Communications (UC) may be a viable IT tool ITSD may utilize in meeting these new workforce demands. It will allow the ability to proactively and aggressively create a more attractive and appealing work environment for those highly-skilled and quality IT professionals ITSD would like to recruit, and retain for many years to come.

Savings/Cost Avoidance/Budget – Economic conditions continue to challenge service delivery and staffing levels, while agencies and their constituents require more online services. ITSD has identified and implemented significant costs savings this past year, however further cost containment efforts must be explored and discovered. Efforts to consolidate data centers, virtualize servers and reduce energy consumption will continue to be a focus while ITSD investigates other technologies to help streamline operations.

Unified Communications – Phase I of the Unified Communications (UC) project will complete in June of 2011. Phase II, slated to begin in July of 2011, will expand the system to Kansas City and St. Louis. Considerable benefits will be gained in Phase II by the reduction in long-distance services and the expansion of desktop video capabilities between Jefferson City, Kansas City and St. Louis. Installation in some of the locations will be a challenge due to physical plant issues and travel necessary for staff to do the installations.

Division of Personnel

• Bill Miller - Division Director • Division Employees: 55.97 • Division FY '11 Budget: \$2,660,065 •

Accomplishments

Labor Relations – OA Division of Personnel staff worked with the departments of Social Services and Health and Senior Services to negotiate a master labor contract which covered two bargaining units represented by the Communications Workers of America (CWA) Local 6355. The negotiation of a master labor agreement covering two separate bargaining units was a new concept for the state in regards to labor negotiations. Negotiations were completed on Sept. 30, 2010. The labor contract was ratified by the Union and went into effect on Dec. 1, 2010.

Staff also worked with the Division of Probation and Parole and the Service Employees International Union (SEIU) Local 1 to negotiate the first labor contract for the Probation and Parole Assistants I/II Bargaining Unit which was certified on Dec. 17, 2008, by the State Board of Mediation. Negotiations were completed on Aug. 10, 2010. The labor contract was ratified by the Union and went into effect on Oct. 15, 2010.

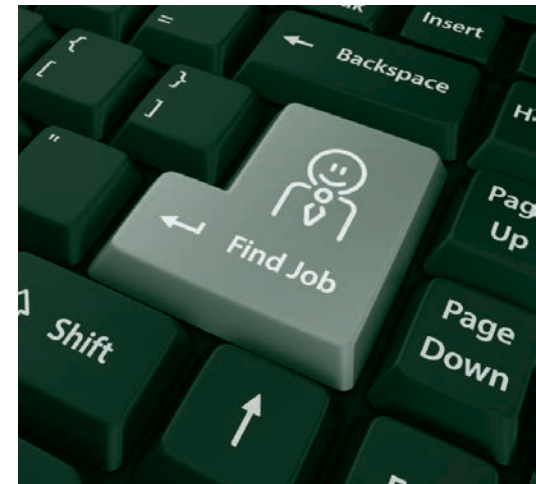
Employee Self-Service (ESS) System – During 2010, several Division of Personnel staff members worked with employees from the Information Technology Services Division (ITSD) and the Division of Accounting to initiate the ESS project and develop an ESS portal. This project is scheduled for statewide implementation in February 2011.

PERforM Improvement Team – Division of Personnel staff, in conjunction with agency representatives, have formed an improvement team to assess the usage of the statewide performance appraisal system (PERforM) and how to improve management and employee usage as a performance tool. This group will identify and implement improvements to the system during 2011.

EASe Improvement Team – OA Division of Personnel formed an improvement team composed of agency human resources employees and others representing Information Technology Services Division, the Missouri Department of Transportation, Accounting, and OA Division of Personnel staff who will review issues surrounding improvement of merit candidates' application process through the electronic EASe system. The goal is to improve the quality of applicants certified to agencies for potential hiring consideration. The team is hopeful that the solutions brought forth will be implemented in 2011.

A New Direction for Developmental Workshops, Webinars and Resources – To aid and enhance the productivity and economic growth of Missouri businesses and public entities, the Division of Personnel's Training and Development Section changed its name in 2010 to The Center for Management and Professional Development and revitalized its mission by taking steps to expand its customer base. The Center continues to provide best practice leadership training for state agencies, but now encourages private-sector businesses and other government entities to use Center programs to cultivate and enhance the management skills of their current and potential leaders.

Online Learning – Throughout the year, the Center for Management and Professional Development continued to



of online learning strategies to reach employees in a more efficient manner. While traditional classroom programs were still preferred by many learners, the practical aspects of webinars and other online venues gained momentum. The Center provided LiveClicks webinars designed by Franklin Covey—and pioneered their own Advantage brand webinars to further increase the number of webinars available to Center customers. All webinars allowed participants to interact with each other and the facilitator via telephone and text messaging. Additionally, as a learning companion to all workshops and webinars, the Center continued to promote the use of MyQuickCoach—an online coaching system that provides more than 1,400 on-demand “smartbytes” from national experts on leadership and professional development topics.

Certified Public Manager (CPM) Program – In partnership with Missouri State University (MSU), the Center for Management and Professional Development supported the state’s first Certified Public Manager (CPM) program. The CPM program helps refine and improve the management skills of CPM cohorts (both emerging leaders and existing supervisors and managers) so they can confidently provide the highest level of service to Missouri citizens in today’s dynamic public management environment. The Center capitalized on their partnership with MSU by making selected CPM programs available to any interested supervisor or manager.

Special Invitation Leadership Seminars – The Center for Management and Professional Development’s Special Invitation Leadership Seminars continued to reach an increasing number of state supervisors and managers with content focusing on today’s critical leadership issues. Seminars in 2010 included Driving Results with Leadership and Trust, and Labor and Employment in 2011, providing updates on regulatory legislation and case law, and the “Top 10” best HR practices for minimizing liability.

Solutions E-Magazine – To compliment all of their training

efforts, the Center for Management and Professional Development published an online magazine, entitled Solutions. The purpose of the publication is to disseminate practical information to help managers develop the best in themselves and in those with whom they work. Solutions is published quarterly in pdf format and is available online at www.training.oa.mo.gov/Solutions.pdf.

Diversity and Unlawful Discrimination Compliance Training and Testing Program

– In late 2010, the Center for Management and Professional Development began encouraging agency participation and support of a new web-based compliance training program for supervisors, managers and employees. The online Diversity and Unlawful Discrimination Compliance Training and Testing Program will include segments on appropriate workplace behaviors, business ethics, workplace diversity, sexual harassment, and other issues related to unlawful discrimination. The program also was designed to meet or exceed the established requirements for diversity and unlawful discrimination training recommended by the Missouri State Training Advisory Council (STAC). The program will be accessible by each participant from their own work computer and will include a testing feature to ensure application and comprehension of content.

Recognition Programs – The Center for Management and Professional Development staff continued to coordinate four distinct programs designed to recognize and reward the creativity, ingenuity, and dedication of state employees:

- State Employee of the Month
- The Governor’s Award for Quality and Productivity
- MoRE: The State Employee Suggestion System (Missouri Relies on Everyone)



WeSave Employee Discount Program – In an effort to find alternative ways to help state employees maximize their household budgets in difficult economic times, the Office of Administration with assistance from the Center for Management and Professional Development implemented the WeSave Missouri State Employee Discount Program. The intent of WeSave Missouri is to help employees save money on goods and services they primarily purchase online. An additional feature unique to Missouri's program is the added value of a one percent cash back donation from WeSave to the Missouri State Employees Charitable Campaign based upon total employee online shopping purchases. To date, nearly 21,000 employees have registered for the program, and more than \$550 has been donated to the Missouri State Employees' Charitable Campaign.

Standardized Employee Services Processes – In early 2010, OA Personnel staff was surveyed concerning processes followed during application reviews and eligibility audits/investigations. Based on the information collected, staff met in March to discuss items, and standardized processes were put in writing for implementation.

Appeal Process Changes – In an attempt to reduce the number of register removal appeals to the Personnel Advisory Board (PAB), a level of review was added to the eligibility audit/investigation process. Previously, reviews were completed by analysts/Employee Services and, if challenged, applicants were directed to appeal to the PAB. Beginning in 2010, ineligibility determinations being challenged were made subject to a review of the Director of Personnel prior to advising applicants of their appeal rights to the PAB, now the Administrative Hearing Commission (name change effective August 2010).

Preventing Workplace Violence – In an effort to better ensure the safety of OA Division of Personnel employees, all staff attended workplace violence training. Beyond this step, a team was formed of department staff who is working to draft a policy on safety and

prevention procedures to educate all employees on the proper measures to take should a situation occur.

Challenges

Labor Relations – Although significant progress was made in 2010 toward reaching agreements with the various unions that represent bargaining units of state employees, ongoing negotiations will be a continuing challenge for 2011. Negotiations will continue into 2011 with two of the unions. In addition, there are other negotiations on the horizon. Staff also will be challenged by other ongoing labor relations activities such as grievance, conflict resolution between unions and agencies, working with agencies regarding newly certified bargaining units, etc.).

Increasingly Competitive Labor Market – As the labor market provides more opportunities for job seekers, the total compensation packages offered by the state will require more direct competition with the private sector.

Centralized Training Efforts – Furthering the efforts for more centralized training will face challenges as over the years, agencies have developed training staff and programs required for their operations. In addition, a number of leadership training programs have been offered that are in some cases duplicative and which may increase costs. The Center for Management and Professional Development will be challenged with showing the value of more centralized leadership/management training.

Succession Planning – In the very near future, state agencies will be challenged with replacing skilled employees who leave or retire. The Division of Personnel also will face these challenges. The division's inability to recognize skills and creative abilities through both lateral and upward mobility that better utilize employee skills continues to limit our goals to meet future expectations.

Division of Purchasing & Materials Management

• Jim Miluski - Division Director • Division Employees: 33 • Division FY '11 Budget: \$1,684,462 •

Accomplishments

State Surplus Property – The Missouri State Agency for Surplus Property (MOSASP) is operating completely out of the new facility on Highway 179 since 12/31/2009. As a result of less warehouse and property space, MOSASP



sends out weekly emails to eligible entities (all political subdivisions, not-for-profit educational and not-for-profit health related entities, museums and service enterprises such as the boy/girl scouts) to let them know of property arrivals which enables a faster turnaround on inventory. Reduced state surplus storage space at MOSASP has necessitated the use of a PURCHCOM

mailing list to notify agencies of available agency property. In addition, almost all state surplus property is sold via on-line auction.

Significant Procurement Accomplishments – Purchasing and Materials Management (PPM) has completed significant American Recover and Reinvestment Act procurements, cost savings procurements such as real estate appraisal and brokerage service, waste consolidation contracts, unified communication and the remaining Revenue License Office locations.

Contract Renewal Renegotiations – PMM has revised its contract renewal strategy. This office questions each contract renewal increase and since November of 2009 PMM have instituted cost avoidance amounts of over \$11,500,000.

Legislative Changes – PMM continues to revise its Delegation of Authority documents and solicitation documents in accordance with continuing legislative changes in procurement law.

Challenges

Rule Revision – The Division of Purchasing is in the process of a rule review and the necessity to incorporate new legislative directives. These rules include: sheltered workshops/blind bonus; disabled Missouri veteran bonus with potential subcontracting option; Minority and Woman Owned Business opportunity.

State Surplus Property – The Missouri State Agency for Surplus Property has been limited in its budget authority for the last several years. The current budget limitation is \$400,000 in expense and equipment expenditures. In the past, MOSASP spent the same amount in transportation costs to bring the property to the state of Missouri. The agency serves as the federal point of contact for all political subdivisions, not-for-profit health and education related entities, and service enterprise organizations such as the Boy Scouts. With the reduction in space and budget, MOSASP has been unable to bring in as much property as in the past to benefit eligible entities. MOSASP operates solely on service charges which are approximately 15 percent of original acquisition cost, thereby providing a cost effective alternative to buying new property and ultimately aiding our eligible entities to spend their budgets in the most efficient manner possible.

In addition, the budget limitations on MOSASP have reduced the ability to obtain federal property for eligible entities. Inventory has been reduced from \$35,000,000 of acquisition cost down to approximately \$15,000,000. This reduction affects the entities ability to obtain low dollar used property to extend their budget dollars in a cost effective manner. As a result, wait lists are increasing significantly.

Complex Contracts – PMM will be bidding two of the larger IT contracts, IT consulting and the PC Prime Vendor contracts.

Office of Equal Opportunity

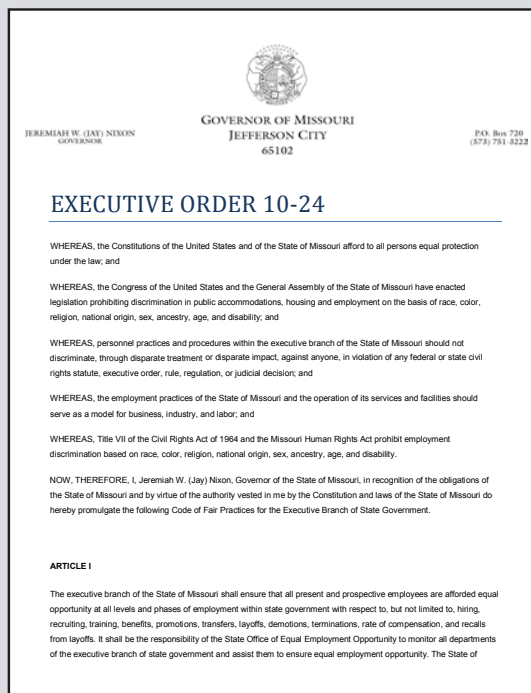
• Alan Green: Director • Program Employees: 6 • Program FY '11 Budget: \$336,577 •

Top Accomplishments

Executive Order 10-24 – Gov. Jay Nixon signed a historic executive order in Kansas City during the 101st annual meeting of the National Association for the Advancement of Colored People. Executive Order 10-24 puts in place a Code of Fair Practices, and Gov. Nixon is the first Missouri governor to have a sexual orientation clause placed in an executive order on fair employment practices since Title VII discrimination laws were signed into federal law.

The order requires each department of the Executive Branch to submit an annual workforce diversity plan, to designate a representative for the Workforce Diversity Council, and to meet biannually with the state's compliance officer about each department's workforce goals.

Missouri Minority Business Advocacy Commission (MMBAC) – The Minority Business Advocacy Commission exists to actively promote minority vendor participation in the state of Missouri.



When the Commission was dismantled in , minority participation decreased substantially. In 2009, the Commission was reactivated and the Office of Equal Opportunity staffs the Commission.

Code of State Regulations (CSRs) – The Office of Equal Opportunity has reviewed and updated its CSRs

Office of Equal Opportunity (OEO) Newsletter – The OEO has created a web-based bi-monthly newsletter that informs the community on the progress of OEO and its vendors.

Personnel Pilot Program – OEO staff worked with the Public Service Commission (PSC) to develop a personnel pilot program. The PSC's plan was to hire more minorities and women. OEO staff helped to design the plan and then coordinated efforts for the PSC to interview with the St. Louis American Newspaper.

State Agency Director Meetings – Some of the issues discussed with the agencies are M/WBE Utilization Analysis and Workforce Diversity Issues:

- Coding Errors, AOC, Journal Vouchers and Single Feasible Source Payments, OEO has asked the agencies not to just look at MOBIUS reports and create a report, but to analyze the payments and look for coding errors. To make sure that no AOC or Single Feasible Source payments are included on the MOBIUS reports and if there are some to notify the OEO.
- OEO asked the agencies about their job posting locations and informed them that OEO can post their job openings on OEO's website. OEO addressed the underutilization in various job categories and asked the agencies how they are addressing the issues of hiring. OEO received various answers, but most agencies talked about how the state

salary range is too low. OEO also asked about diversity training and directed the agencies to contact OA Personnel to address the diversity training approval issue mentioned on Executive Order 10-24.

Top Challenges

Disparity Study Funding – The state of Missouri is working diligently to ensure an adequate M/WBE program without a Disparity Study. By implementing a Disparity Study, the state of Missouri could measure the underutilization, if any, and the capacity of M/WBE vendors in the procurement area. The state of Missouri would be in a position to establish goals for the M/WBE program.

The OEO is working on a public/private partnership to fund a new Disparity Study.

OEO Resume Bank – OEO staff met with the OA Division of Personnel staff to discuss the feasibility of a resume bank for minorities and women on the OEO website. Personnel advised OEO to be careful not to make this resume bank discriminatory. More time and research will go into this project.

Banking meetings – The St. Louis NAACP invited the OEO, the St. Louis Minority Business Council, and the State Treasurer's Office to attend a series of meetings with local banks to discuss Community Reinvestment Act ideas and strategies. OEO stated that its support, expansion, and creation of M/WBE small businesses within the state of Missouri was its focus. OEO attended a series of meetings with the banks, but no money was released to M/WBE businesses. Finding resources and training for M/WBEs is still key for OEO.

Agency Accountability – The biggest challenges center around agency accountability.

- Low M/WBE Utilization
- Moderate M/WBE Utilization

Centralization of State Offices vs. Location of M/WBE businesses – OEO will be partnering with MoPTAC and state departments to offer workshops across the state of Missouri.

e•qual op•por•tu•ni•ty

noun

the policy of treating employees and others without discrimination, esp. on the basis of their sex, race, or age: [as adj.] *an equal opportunity employer.*

Human Resources

• Aaron Hart - Human Resources Director • Employees: 6 •

Top Accomplishments

Auditor's Office transition – Assisted in the set up of a transition office for the Auditor-elect within the Office of Administration. Established position numbers to allow payment of transition employees and ensured all new employee/benefit paperwork was completed and that staff were added to the payroll in a timely manner. The Office will assist in transferring employees from the transition office to the Auditor's office after the Auditor is sworn in.

Department Layoff – Performed layoffs within the Office of Administration following the Code of State Regulations. HR informed each employee whose position was cut of their rights under the merit system regarding transfer and/or demotion. In addition, informed employees who did not have transfer/demotion rights or who were displaced by another employee that they would be laid off.

Facilities Management Design and Construction Consolidation – OA-HR assisted the Facilities Management, Design & Construction Division with the consolidation of Department of Mental Health (DMH) and Department of Elementary and Secondary Education (DESE) maintenance employees into the Office of Administration. This required transferring positions and obtaining personnel files from DMH and DESE. In addition, the office assisted employees with filling out paperwork and with questions involving OA policies and procedures.



General Services Mailroom Consolidation – HR provided assistance to the Division of General Services with the consolidation of Social Services mailroom employees into the Office of Administration. This required transferring positions and obtaining personnel files from the Department of Social Services. The office also assisted employees with filling out paperwork and with questions involving OA policies and procedures.

I-9 process – HR has made tremendous progress in getting I-9 paperwork in on the first day that an employee begins work with the Office of Administration. This has prevented dismissals of employees for not providing the required paperwork by the end of their third day of employment. Through communication efforts HR contacts understand the importance of this paperwork and are working to ensure that employees are aware of the process.

Revision of Office of Administration policies – Throughout the last year, the Office of Administration has revised the following policies: Family Medical Leave Act, leave of absence without pay, background check and hours worked policies.

Challenges

ITSD Classification Work – The reorganization of ITSD will cause a significant number of Information Technology titles to be incorrect. HR will submit updated position descriptions to the Division of Personnel when necessary to ensure that OA has employees classified correctly. Reorganization will also cause challenges in ensuring accurate performance appraisals

and work locations are entered in the HR system. OA/HR will work with ITSD to ensure that these items occur and will be proactive in identifying discussion items involving the movement of staff.

Facilities Management Design and Construction Classification Work – The variety of work performed by FMDC staff and the changing labor market present some challenges within FMDC. OA/HR has worked together with FMDC staff and DOP staff to update FMDC classification specifications. The names of the classes are being revised to be more indicative of the work performed, current with similar positions in the labor market, and more attractive to applicants. OA/HR is also working on establishing training routes which will allow the department to bring in and train staff in essential positions for which the labor pool of experienced applicants are diminishing.

Recruitment – Work continues on streamlining recruitment within the Office of Administration. The electronic application system and merit rules pose many challenges to the areas of recruitment and hiring. The state of Missouri electronic application system is a self rating tool. Due to this, our lists of applicants contain individuals who do not qualify for our positions. Because merit laws require that the state hire from the top 15 or 15 percent of a register, these applicants must be audited and removed by the Division of Personnel. This process and other procedures dictated by the merit system cause our hiring process to take three weeks or more. The confusing nature of merit

hiring procedures, as well as the timeframes involved, causes applicants to lose interest in state positions. These additional items make it difficult for us to compete with the private sector for applicants.

Review of all Office of Administration policies – Work continues on the remainder of Office of Administration policies. Many of these policies have not been updated in some time.

FMLA/ADA – Work continues on revising and updating FMLA and ADA procedures. The revision of the Office of Administration FMLA policy and OA/HR procedures will make our procedures more efficient and better able to assist management in the prevention of FMLA and/ or ADA abuse. In the past twelve months, Office of Administration/HR has sent out 314 FMLA letters. HR continues to find cases where some Office of Administration employees seem to believe that medical excuses are a way to get out of job assignments and will restrict the employer from taking disciplinary action against the employee for performance reasons. Navigating changing FMLA and ADA laws to be in a position to take action on abuse continues to be a challenge.

Review and update all Human Resources processes – OA/HR will work to document all OA/Human Resources processes and procedures. Many of these are on paper but need to be updated and saved electronically. This should help to facilitate the training of new staff.



Facilities Management Design and Construction Consolidation – Consolidation of maintenance employees into the Office of Administration will pose many challenges. Staff from non-merit agencies will need to be classified and employee files will need to be transferred. In addition, positions will need to be transferred in SAM II from one agency to another. There have been many questions from employees as they will be following an entirely different set of policies once they come to the Office of Administration.

Staff Workload – As OA receives more employees through consolidation, the workload of the Human Resources office goes up. There have been more transactions to process for payroll as well as more questions from employees with each consolidation. Disciplinary issues and investigations also rise with more employees. Some investigations require talking to many different witnesses. At current staff levels, one investigation can delay the other work of multiple staff for a couple of days. This becomes an issue when trying to meet payroll and other deadlines. OA/HR currently has six employees who provide Human Resources services for a workforce of 2,100.



